



COMSATS Institute of Information Technology Abbottabad

Department of Management Sciences

First Sessional: Spring 2017

Class: BBA 1
Subject: Accounting I
Total Time Allowed: 80 Minutes
Registration #

Date: 18-04-17
Instructor: *Zaheer A. Swati*
Max Marks: 60

SECTION-A

A. Encircle the most appropriate choice (MCQs).

(Marks: 10)

1. Which one of the following system of recording transaction has a dual aspect concept of accounting?
(a) Cash system of accounting (b) Single entry system
(c) Accrual system of accounting (d) **Double entry system**
2. Accounting which recognizes an event as the transaction when cash is received or paid?
(a) **Cash basis of accounting** (b) Accrual basis of accounting
(c) Cost accounting (d) None of the above
3. Which of the following is an accounting system in which events are recorded when they occur?
(a) Cash Accounting (b) **Accrual Accounting**
(c) Both Accrual Accounting and Cash Accounting (d) None of the above
4. Ledger is a book of?
(a) Original entry (b) Final entry (c) **Secondary entry** (d) All cash transactions
5. When a Liability is reduced or decreased, it is recorded on the?
(a) Right or debit side of the account (b) **Left or debit side of the account**
(c) Left or credit side of the account (d) Right or credit side of the account
6. The first required step in the accounting cycle is?
(a) Reversing entries (b) Journalizing transactions in the book of original entry
(c) **Identification of transactions** (d) Posting transactions
7. Which one of the following is called book of original entry?
(a) **General Journal** (b) General Ledger (c) Trial Balance (d) Receipt and Payment Account
8. Which of the following accounts normally has credit balance?
(a) **Wages Outstanding** (b) Motor vehicles (c) Prepaid Rent (d) Return Inwards
9. Which of the following is also called "The original book of entry"?
(a) Trial Balance (b) General Ledger (c) **General Journal** (d) Profit and Loss Account
10. If we take goods for own use we should?
(a) Debit -Sales Account; Credit -Stock Account
(b) **Debit -Drawings Account; Credit -Purchases Account**
(c) Debit -Drawings Account; Credit -Stock Account (d) Debit -Purchases Account; Credit -Drawings Account

SECTION-B

Q1: Prepare general journal entries for the following transactions of March 2017.

06: Sold Goods to Khan Brothers Rs. 12,000 and Cash Sales Rs. 5,000

13: Owner draws out Rs. 100 from the business bank account for his own use

(10 Marks)

17: Unearned sales of Rs. 3,200 earned during the July

23: Services are performed and cash of Rs. 2,000 is received.

29: Bad Debts during the period was Rs.100

General Journal

Date		Account Title and Explanations	Ref	Amount (Rs)	
				Debit	Credit
<i>2017</i>					
March	06	Cash		5,000	
		Account Receivable_ Khan Brothers		12,000	
		Sales			17,000
	13	Drawing		100	
		Bank			100
	17	Unearned Sales		3,200	
		Sales			3,200
	23	Cash		2,000	
		Services Revenue			2,000
	29	Bad Debts		100	
		Account Receivable			100
Total				Rs. 22,400	Rs. 22,400

Q2. Prepare Cash Standard Ledger Account

(10 Marks)

General Journal

Date		Account Title and Explanations	Ref	Amount (Rs.)	
				Debit	Credit
2009					
July	4	Cash Account Receivable (Cash received from customers)		14,000	14,000
	5	Prepaid Rent Cash (Advance rent paid)		6,000	6,000
	7	Cash Unearned Services Revenue (Payment received in advance by clients)		1,200	1,200
	11	Unearned Services Revenue Services Revenue (Unearned services revenue now earned)		3,200	3,200
	14	Note Receivable_ ABC Co. Cash (Loan granted to ABC company by note)		1,000	1,000
	17	Account Receivable Services Revenue (Billed to customer)		3,000	3,000
	24	Cash Note Payable (Obtained loan from bank by note payable)		1,000	1,000
	27	Drawing Bank (Owner personal withdrawal by bank)		100	100
	Total				Rs. 29,500

Account # 1

Cash Account

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<i>Date</i>	<i>Description</i>	<i>Ref</i>	<i>Amount (Rs.)</i>	<i>Date</i>	<i>Description</i>	<i>Ref</i>	<i>Amount (Rs.)</i>
04	Account Receivable		14,000	05	Prepaid Rent		6,000
07	Unearned Services Rev.		1,200	14	Note Receivable		1,000
24	Note Payable		1,000				
					<i>Balance c/d</i>		9,200
Total			16,200	Total			16,200
August	<i>Balance b/d</i>		9,200				

Q4. There are several Mistakes in the Munir (Pvt.) Ltd. Trial Balance. You are requested to identify Errors and make corrected Trial Balance?

S. No	Heads of Accounts	Ref	Amount (Rs.)	
			Debit	Credit
1	Purchases Return		13,000	
2	Machinery		34,000	
3	Salaries			17,200
4	Creditors			33,000
5	Cash in hand		40,000	
6	Carriage Inward		6,000	
7	Rent Received			3,000
8	Discount Allowed			2,000
9	Purchases		100,000	
10	Bill Payable			20,000
11	Debtors		15,000	
12	Carriage Outward			5,000
13	Owner Equity		53,200	
14	Building			38,000
15	Sales Return		3,000	
16	Discount Received			14,000
17	Insurance Expenses		6,000	
18	Sales			130,000
Total			Rs. 270,200	Rs. 262,200

Solution:

S. No	Heads of Accounts	Ref	Debit	Credit
1	Purchases Return			13,000
2	Machinery		34,000	
3	Salaries		17,200	
4	Creditors			33,000
5	Cash in hand		40,000	
6	Carriage Inward		6,000	
7	Rent Received			3,000
8	Discount Allowed		2,000	
9	Purchases		100,000	
10	Bill Payable			20,000
11	Debtors		15,000	
12	Carriage Outward		5,000	
13	Owner Equity			53,200
14	Building		38,000	
15	Sales Return		3,000	
16	Discount Received			14,000
17	Insurance Expenses		6,000	
18	Sales			130,000
Total			Rs. 266,200	Rs. 266,200