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 **PRESIDENCY UNIVERSITY**

  **Bengaluru**

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| **End - Term Examinations – JANUARY 2025** |
| **Date:** 10 – 01- 2025 **Time:** 01:00 pm – 04:00 pm |

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| --- | --- |
| **School:** SOC | **Program:** B. Com (ACCA) |
| **Course Code:** COM1026 | **Course Name:** Financial Accounting |
| **Semester**: I | **Max Marks**: 100 | **Weightage**: 50% |

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| **CO - Levels** | **CO1** | **CO2** | **CO3** | **CO4** | **CO5** |
| **Marks** | **4** | **26** | **26** | **18** | **26** |

**Instructions:**

1. *Read all questions carefully and answer accordingly.*
2. *Do not write anything on the question paper other than roll number.*

**Part A**

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| **Answer ALL the Questions. Each question carries 2 marks. (10Q x 2M = 20M)** | **Bloom's Level**  | **CO** |

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| --- | --- | --- | --- | --- |
| **1** | Give the meaning of IFRS. | **2 Marks** | **Remember** | **CO1** |
| **2** | Mention the important Conventions of Accounting. | **2 Marks** | **Remember** | **CO1** |
| **3** | What is the primary purpose of interpreting and analyzing financial statements? | **2 Marks** | **Remember** | **CO2** |
| **4** | How is the gross profit ratio calculated, and what does it indicate? | **2 Marks** | **Remember** | **CO2** |
| **5** | Define corporate governance in the context of financial reporting. | **2 Marks** | **Remember** | **CO3** |
| **6** | Mention any four characteristics of Financial Reporting. | **2 Marks** | **Remember** | **CO3** |
| **7** | List out some examples of non-operating expenses and non-operating income. | **2 Marks** | **Remember** | **CO4** |
| **8** | State two differences between current assets and non-current assets. | **2 Marks** | **Remember** | **CO4** |
| **9** | Define Accounting. | **2 Marks** | **Remember** | **CO5** |
| **10** | Mention any four qualitative characteristics of financial statements | **2 Marks** | **Remember** | **CO5** |

**Part B**

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| **Answer ALL the Questions. Each question carries 7 marks. (5Q x 7M = 35M)** | **Bloom's Level**  | **CO** |
| **11** |  | Mr. Ramesh operates a mobile phone shop. Pass journal entries for the following transactions for the month of August 2023:1. August 1: Commenced business with cash ₹2,00,000 and mobile phones ₹1,50,000.
2. August 2: Purchased 10 mobile phones from X and Co. on credit ₹40,000.
3. August 3: Deposited cash into the bank through the Cash Deposit Machine ₹50,000.
4. August 4: Sold 5 mobile phones to Y and Co. on credit ₹25,000.
5. August 5: Y and Co. deposited the payment due in the Cash Deposit Machine ₹25,000.
6. August 6: Purchased accessories for mobile phones from Z and Co. by cash ₹8,000.
7. August 7: Paid for electricity charges through net banking ₹2,000.
 | **7 Marks** | **Understand** | **CO2** |
|  | **Or** |
|  **12** |  | Explain how journal entries are posted into ledger accounts. Provide an example with hypothetical figures to demonstrate balancing and closing a ledger account.  | **7 Marks** | **Understand** | **CO2** |

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| **13** |  | Explain the structure of a cash flow statement and provide a detailed proforma, focusing on how cash flows are categorized into operating, investing, and financing activities. | **7 Marks** | **Understand** | **CO3** |
|  | **Or** |
|  **14** |  | Describe the key accounting principles and their significance.  | **7 Marks** | **Understand** | **CO3** |

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|  **15** |  | **Classify the following accounts as Personal, Real, or Nominal:**• Loan Account• Accounts Receivable• Prepaid Expenses Account• Building Account• Interest Expense Account• Goods Sold Account, Debtors Account• Cash in Hand Account• Wages Account• Rent Payable Account | **7 Marks** | **Understand** | **CO4** |
|  | **Or** |
| **16** |  | Analyze how poor corporate governance can lead to inaccurate financial reporting.  | **7 Marks** | **Understand** | **CO4** |

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| **17** |  | **From the following particulars, prepare a Profit and Loss Account for the year ending 2023:**

| **Particulars** | **Amount (₹)** |
| --- | --- |
| Sales Revenue | 700,000 |
| Opening Stock | 80,000 |
| Purchases | 180,000 |
| Closing Stock | 90,000 |
| Rent Expenses | 25,000 |
| Marketing Expenses | 10,000 |
| Salaries and Wages | 65,000 |
| Depreciation | 12,000 |
| Interest on Loan | 7,000 |
| Provision for Tax | 20,000 |

 | **7 Marks** | **Understand** | **CO5** |
|  | **Or** |
|  **18** |  | A company is adopting IFRS for the first time. How can this improve its financial transparency?  | **7 Marks** | **Understand** | **CO5** |

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| **19** |  | How can you differentiate the roles of journals and ledgers in accounting based on their practical applications? | **7 Marks** | **Understand** | **CO5** |
|  | **Or** |
|  **20** |  | Prepare a Simple Petty Cash Book for the first 15 days of **May 2024** using the following transactions:

| **Date** | **Particulars** | **Amount (₹)** |
| --- | --- | --- |
| May 1 | Received ₹8,000 for Petty Cash | 8,000 |
| May 2 | Paid for Wages | 600 |
| May 3 | Paid for Postage | 400 |
| May 4 | Paid for Newspaper Bill | 300 |
| May 5 | Paid for Bus Fare | 200 |
| May 6 | Paid for Taxi Fare | 700 |
| May 8 | Paid for Refreshments | 900 |
| May 10 | Paid for Office Repairs | 500 |
| May 11 | Paid for Courier Services | 400 |
| May 12 | Paid for Soap and Cleaning Charges | 300 |
| May 13 | Paid for Stationery | 500 |
| May 14 | Paid for Speed Post Charges | 200 |

 | **7 Marks** | **Understand** | **CO5** |

**Part C**

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| **Answer Any THREE Questions. Each question carries 15 marks. (3Q x 15M = 45M)** | **Bloom's Level**  | **CO** |

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| **21** | [From the following Trial Balance of Ms. Madhura Com Ltd. as on 31st March, 2023, prepare Trading and Profit and Loss Account and Balance Sheet:](https://byjus.com/question-answer/from-the-following-trial-balance-of-shradha-as-on-31st-march-2019-prepare-trading-and/)

|  |  |  |
| --- | --- | --- |
| **Heads of Accounts** | **Debit Balances(₹)** | **Credit Balances(₹)** |
| Capital |  | … | 80,000 |
| Drawings |  | 18,000 | … |
| Sales |  | … | 1,55,000 |
| Purchases |  | 82,600 | … |
| Stock (1st April, 2018) |  | 42,000 | … |
| Returns Outward |  | … | 1,600 |
| Carriage Inwards |  | 1,200 | … |
| Wages |  | 4,000 | … |
| Power |  | 6,000 | … |
| Machinery |  | 50,000 | … |
| Furniture |  | 14,000 | … |
| Rent |  | 22,000 | … |
| Salary |  | 15,000 | … |
| Insurance |  | 3,600 | … |
| 8% Bank Loan |  | … | 25,000 |
| Debtors |  | 20,600 | … |
| Creditors |  | … | 18,900 |
| Cash in Hand |  | 1,500 | … |
| **Total** |  | **2,80,500** | **2,80,500** |
|  |  |  |  |

Adjustments:(i) Closing Stock ₹ 64,000.(ii) Wages outstanding ₹ 2,400.(iii) Bad Debts ₹ 600.(iv) Provision for Doubtful Debts to be 5%.(v) Rent is paid for 11 months.(vi) Insurance premium is paid per annum, ended 31st May, 2023.(vii) Loan from the bank was taken on 1st October, 2022.(viii) Provide Depreciation on machinery @ 10% and on Furniture @ 5%. | **15 Marks** | **Apply** | **CO2** |
| **22** | **Prepare a Petty Cash Book on the Imprest System from the following:**

| **Date** | **Transaction** | **Amount (Rs.)** |
| --- | --- | --- |
| **May 1** | Received Rs. 12,000 for Petty Cash | 12,000 |
| **May 3** | Paid for Cartage | 1,000 |
| **May 4** | Paid Bus Fare Rs. 500; Speed Post Charges Rs. 300 | 800 |
| **May 5** | Paid for Stationery | 900 |
| **May 7** | Paid for Courier Services | 400 |
| **May 9** | Paid Taxi Fare Rs. 600; Wages Rs. 500 | 1,100 |
| **May 10** | Paid for Repairs of Furniture | 700 |
| **May 11** | Paid Newspaper bill | 450 |
| **May 12** | Paid for Soap Rs. 250; Speed Post Charges Rs. 350 | 600 |
| **May 13** | Paid for Refreshments to Customers | 1,200 |
| **May 14** | Paid for Postage | 600 |
| **May 15** | Paid for Charity | 500 |

 | **15 Marks** | **Apply** | **CO3** |
| **23** | **Mr John is a sole trader dealing in sports items. Post the transactions into the ledgers**

| **Date** | **Transaction** | **Amount (Rs.)** |
| --- | --- | --- |
| April 1 | Commenced business with cash | 5,00,000 |
| April 2 | Cash deposited into bank | 4,00,000 |
| April 3 | Purchased goods from Ravi and payment made through net banking | 1,00,000 |
| April 4 | Sales made to Kumar, who deposited the money through CDM | 12,000 |
| April 5 | Sales made to Vivek, who made the payment by debit card | 70,000 |
| April 6 | Sold goods to Keerthana, who made the payment through credit card | 55,000 |
| April 7 | Dividend directly received by bank | 3,000 |
| April 8 | Money withdrawn from ATM | 4,000 |
| April 9 | Salaries paid through ECS | 7,000 |
| April 10 | Cricket bats donated to a trust | 12,000 |

 | **15 Marks** | **Apply** | **CO4** |
| **24** | **Classify the following activities as Operating, Investing, or Financing in a cash flow statement:**1. Received cash from customers
2. Paid wages to employees
3. Purchased new machinery
4. Issued shares to raise capital
5. Paid for rent of office premises
6. Sold a piece of land
7. Received dividends from investments
8. Borrowed funds from a bank
9. Paid interest on loans
10. Paid cash to suppliers for inventory
11. Repurchased company’s own shares
12. Invested in a subsidiary
13. Paid income tax
14. Received cash from the sale of equipment
15. Paid dividends to shareholders
 | **15 Marks** | **Apply** | **CO5** |