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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** |