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**PRESIDENCY UNIVERSITY**

**Bengaluru**

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| **Ph. D Course Work End Term Examinations – JAN-FEB 2025** |
| **Date:** 04 – 02- 2025 **Time:** 09:30 am – 12:30 pm |

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| **School:** SOC | **Program:** Ph. D | |
| **Course Code:** COM811 | **Course Name**: Financial Accounting and Analysis | |
| **Semester**: | **Max Marks**:100 | **Weightage**:50% |

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| **CO - Levels** | **CO1** | **CO2** | **CO3** | **CO4** | **CO5** |
| **Marks** | **10** | **10** | **10** | **30** | **40** |

**Instructions:**

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

**Part A**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Answer ALL the Questions. Each question carries 10 marks. 6Q x10M=60 Marks** | | | | |
| **1** | Discuss the qualitative characteristics of accounting information. Analyse how these characteristics fulfil the needs of different users of financial accounting information. | **10 Marks** | **Analyse** | **CO1** |
| **2** | Analyse the relationship between the journal and ledger in the accounting process. How does each contribute to the preparation of financial statements? | **10 Marks** | **Analyse** | **CO2** |
| **3** | Prepare a Three-Column Cash Book for ABC Traders from the following transactions for March 2024:   | Date | Transaction | | --- | --- | | 01-Mar-2024 | Started business with cash ₹60,000 and deposited ₹20,000 into the bank. | | 03-Mar-2024 | Purchased goods for cash ₹11,000. | | 05-Mar-2024 | Received ₹6,000 from Mr. Ramesh in full settlement of ₹6,500. | | 08-Mar-2024 | Paid rent ₹3,000 by cheque. | | 10-Mar-2024 | Withdrew ₹5,500 cash from bank for office use. | | 12-Mar-2024 | Sold goods for ₹15,000; received ₹12,000 in cash and the balance by cheque. | | 15-Mar-2024 | Paid ₹9,000 to Mr. Kumar in full settlement of ₹9,500. | | 17-Mar-2024 | Received ₹12,000 from Mr. Suresh by cheque. | | 20-Mar-2024 | Bank credited ₹500 as interest. | | 22-Mar-2024 | Paid office expenses ₹1,500 in cash. | | 25-Mar-2024 | Deposited ₹6,000 into the bank. | | 28-Mar-2024 | Paid ₹5,000 by cheque to settle a liability of ₹5,200. | | **10 Marks** | **Apply** | **CO3** |
| **4** | Analyse how the asset accrual method impacts the financial statements of both the Hire Purchaser and the Hire Vendor. Discuss its advantages over alternative accounting methods. | **10 Marks** | **Analyse** | **CO4** |
| **5** | Discuss the significance of adjustments in the preparation of final accounts. Analyse how ignoring adjustments like depreciation or outstanding expenses can affect the accuracy of the Trading and Profit & Loss Account and Balance Sheet. | **10 Marks** | **Analyse** | **CO5** |
| **6** | The following adjustments are related to the preparation of Final Accounts for the year ending 31st March 2024. Pass the necessary journal entries for these adjustments:   1. Closing Stock was valued at ₹50,000, but its market value is ₹45,000. 2. Depreciation of ₹10,000 is to be charged on machinery. 3. Salaries amounting to ₹5,000 are outstanding. 4. Insurance of ₹2,000 is prepaid. 5. Provision for doubtful debts is to be created at 5% on Sundry Debtors of ₹80,000.   Prepare the journal entries for these adjustments. | **10 Marks** | **Apply** | **CO5** |

**Part B**

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| **Answer the Questions. Each question carries 20 marks 2Q x 20 = 40 Marks** | | | | | |
| **7.** |  | A company purchases a vehicle on Hire Purchase terms with the following details:   * Cash Price of the Vehicle: ₹2,50,000 * Down Payment: ₹50,000 * Hire Purchase Price: ₹2,80,000 * The payment is to be made in 5 equal annual instalments of ₹56,000 each, including interest at 12% per annum.   **Required:**   1. Calculate the interest and principal portions for each instalment. 2. Prepare journal entries for the Hire Purchaser and the Hire Vendor for the first instalment. 3. Prepare the Hire Purchaser’s ledger accounts for the first year, including the hire purchase account, interest account, and vehicle account. | **20 Marks** | **Apply** | **CO4** |
|  | | | | | |
| **8.** |  | . The following is the balance of XYZ Traders as on 31st December 2024:   * Capital: ₹2,50,000 * Sales: ₹6,00,000 * Purchases: ₹3,50,000 * Rent Expense: ₹25,000 * Salaries: ₹60,000 * Cash: ₹12,000 * Accounts Payable: ₹1,20,000 * Accounts Receivable: ₹70,000 * Drawings: ₹30,000 * Opening Stock: ₹40,000 * Wages: ₹18,000 * Advertising Expense: ₹8,000 * Insurance Expense: ₹6,000 * Bank Loan: ₹1,00,000 * Bad Debts: ₹5,000   **Adjustments:**   1. Closing Stock ₹90,000. 2. Salaries accrued but not paid ₹7,000. 3. Rent prepaid ₹3,000. 4. Provide for depreciation on machinery at 10% p.a., on a value of ₹1,50,000. 5. Provision for bad debts to be created at 5% of Sundry Debtors. 6. The insurance policy expires in 6 months, with ₹4,000 considered prepaid. 7. Wages of ₹3,000 are outstanding.   **Required:**   1. Prepare the **Trading and Profit & Loss Account** for the year ending 31st December 2024. 2. Prepare the **Balance Sheet** as on 31st December 2024. | **20 Marks** | **Apply** | **CO5** |

**\*\*\*\*\* BEST WISHES \*\*\*\*\***