



# PRESIDENCY UNIVERSITY

BENGALURU

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## End - Term Examinations - December 2025

Date: 08 - 12 - 2025

Time: 09:30am - 12:30pm

<b>School:</b> SOC	<b>Program:</b> BCOM CMA		
<b>Course Code:</b> CBS1034	<b>Course Name:</b> Basics of Accounting		
<b>Semester:</b> I	<b>Max Marks:</b> 100	<b>Weightage:</b> 50%	

CO - Levels	C01	C02	C03
<b>Marks</b>	<b>33</b>	<b>33</b>	<b>34</b>

### Instructions:

- (i) Read all questions carefully and answer accordingly.
- (ii) Do not write anything on the question paper other than roll number.

### Part A

Answer ALL the Questions. Each question carries 2marks.

10Q x 2M=20M

1.	Define financial data.	2 Marks	L1	C01
2.	Show the accounting equation.	2 Marks	L2	C01
3.	List any two examples for expenses.	2 Marks	L1	C02
4.	Show the journal entry for a cash sales transaction.	2 Marks	L2	C02
5.	Explain the effect of a credit purchase on cash balance.	2 Marks	L2	C02
6.	Name the ledger account to debit a cash payment for interest.	2 Marks	L1	C02
7.	Show the formula for cost of sales.	2 Marks	L2	C03
8.	Recall the treatment for dividends in the Balance Sheet.	2 Marks	L1	C03
9.	Explain the reason for loss getting deducted from capital.	2 Marks	L2	C03
10.	Outline the purpose of the Balance Sheet.	2 Marks	L2	C03

## Part B

Answer ALL the Questions. Each question carries 7 marks.

5Q x 7M = 35M

11.	Analyze the information requirements of governments and the general public with regard to accounting information.	07 Marks	L4	CO1
Or				
12.	Explain the demerits of IFRS.	07 Marks	L2	CO1
13.	On August 21, 2024, Mr. Ravi, a senior accountant at Krishna Enterprises, decides to resign after serving the company for over 10 years. He has been instrumental in the company's success. With his vast experience, Mr. Ravi's exit is expected to affect the overall performance of the entity, particularly the accounting team. A. How would you record Mr. Rohith's resignation in the books of M/s Krishna Enterprises? B. Which accounting principles applies to this situation?	07 Marks	L4	CO1
Or				
14.	Explain the accounting conventions of materiality and consistency.	07 Marks	L2	CO1
15.	A purchase entry to a purchase day book must be parallelly recorded in a cash book as well. Evaluate the above observation.	07 Marks	L5	CO2
Or				
16.	Explain the functioning of a double column cash book.	07 Marks	L2	CO2
17.	Distinguish between gross profit, EBIT, EBT and EAT.	07 Marks	L2	CO3
Or				
18.	The net difference of revenues and expenses will always have a debit nature leading to profits in an Income Statement'. Appraise the above statement.	07 Marks	L5	CO3
19.	Explain the similarities in accounting for liabilities and capital.	07 Marks	L2	CO3
Or				
20.	Compare and contrast the presentation of assets and capital in a Balance Sheet with appropriate examples.	07 Marks	L2	CO3

### Part C

**Answer any three Questions. Each question carries 15marks**

**3Q x 15M=45M**

<b>21.</b>	<p>Michelle Limited had the following transactions during January:</p> <p>(1) Introduced \$5,000 cash as capital</p> <p>(2) Purchased goods on credit from Rosy, worth \$2,000</p> <p>(3) Paid rent for one month, \$500</p> <p>(4) Paid electricity for one month, \$200</p> <p>(5) Purchased car for cash, \$1,000</p> <p>(6) Sold half of the goods on credit to Tish for \$1,750</p> <p>(7) Drew \$300 for his own expenses</p> <p>(8) Sold remaining goods for cash, \$2,100</p> <p>Required:</p> <p>Record the journal entries.</p>	<b>15 Marks</b>	<b>L3</b>	<b>CO2</b>
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<b>22.</b>	<p>Consider the below transactions:</p> <ol style="list-style-type: none"> <li>1. February 1: The company issued 10,000 shares of capital stock to Harris Corp. in exchange for cash at a par value of \$25 each.</li> <li>2. February 1: Purchased a building from Sweeney Enterprise for \$150,000. A cash payment of \$25,000 was made at the time of the purchase, and a note payable was issued for the remaining balance.</li> <li>3. February 1: Paid \$7,800 for fire insurance on building for next 3 years.</li> <li>4. February 9: Purchased additional supplies on account for \$3,500.</li> <li>5. February 11: Billed students \$35,840 for tutoring services provided during the first half of February.</li> <li>6. February 16: Paid \$12,300 in salaries earned by employees during the first half of February.</li> <li>7. February 18: Received \$10,500 cash in advance from students for tutoring services to be provided in the future.</li> <li>8. February 22: Collected cash from accounts (bills) receivable of \$30,000.</li> <li>9. February 25: Paid \$3,330 for utilities during period.</li> <li>10. February 25: Paid \$6,250 cash on notes payable.</li> <li>11. February 28: Declared and paid a \$2,000 dividend.</li> </ol> <p>Construct the ledger accounts and identify the closing balances for below accounts:</p> <ol style="list-style-type: none"> <li>a) Notes payable</li> <li>b) Bills receivables</li> <li>c) Cash</li> </ol>	<b>15 Marks</b>	<b>L3</b>	<b>CO2</b>
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23.	Show the formats for an Income Statement and a Balance Sheet, clearly presenting examples for all components.	15 Marks	L2	C03
24.	<p>You are provided the following information for Sunlite Traders for the year ended 31 March 20X6:</p> <p>Sales Revenue – ₹7,50,000  Sales Returns – ₹20,000  Cost of Goods Sold (COGS) – ₹3,60,000  Rent Expense – ₹48,000  Salaries Expense – ₹1,20,000  Electricity Expense – ₹15,000  Interest Income – ₹10,000  Interest Expense – ₹8,000</p> <p>Prepare the income statement for the year.</p>	15 Marks	L4	C03
25.	<p>The purpose of an accounting information system is to collect, store, and process financial and accounting data and produce informational reports that managers or other interested parties can use to make business decisions.</p> <p>With reference to the above context, identify and explain the different users of accounting information and their information requirements.</p>	15 Marks	L2	C01