



PRESIDENCY UNIVERSITY

BENGALURU

Roll No.																			
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End - Term Examinations - December 2025

Date: 12 - 12- 2025

Time: 09:30am - 12:30pm

School: SOC /SOM-UG	Program: B Com (ACCA)		
Course Code: CBS1025	Course Name: Financial Accounting		
Semester: I	Max Marks: 100	Weightage: 50%	

CO - Levels	C01	C02	C03	C04	C05
Marks	20	20	20	20	20

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 accounting and explain its main objectives.	2 Marks	L1	C01
2.	Differentiate between financial accounting and management accounting.	2 Marks	L1	C01
3.	What are the rules of Debit & Credit under Double entry System?	2 Marks	L1	C02
4.	Define Depreciation. Mention any two methods of Depreciation.	2 Marks	L1	C02
5.	What do you mean by errors of omission and commission?	2 Marks	L1	C03
6.	What is the importance of the Bank Reconciliation Statement?	2 Marks	L1	C03
7.	What is the difference between capital and revenue expenditure? Give one example of each.	2 Marks	L1	C04
8.	What are the types of financial statements?	2 Marks	L1	C04
9.	What are the various types of analysis tools of financial statement?	2 Marks	L1	C05
10.	State any three objectives of ratio analysis.	2 Marks	L1	C05

Part B

Answer ALL the Questions. Each question carries 7 marks.

5Q x 7M = 35M

11.	GAAP stands for generally accepted accounting principles, which set the criteria for preparing, presenting, and reporting financial statements in the U.S. Discuss any seven GAAP in detail.	07 Marks	L3	CO1
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Or

12.	The accounting cycle is a systematic series of steps companies use to record, classify, summarize, and report financial transactions for a specific period, typically ending with the creation of financial statements. Discuss steps in Accounting cycle in detail.	07 Marks	L3	CO1
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13.	<p>Mr. Daya ltd. Is seeking your help in recording the business transactions. Record the following transactions in the Journal:</p> <p>2025, Jan 1st: Commenced business with cash ₹50,000.</p> <p>2025, Jan 3rd: Purchased goods for cash ₹10,000</p> <p>2025, Jan 5th: Deposited Cash into the Bank Rs. 10,000</p> <p>2025, Jan 10th: Sold goods to Ramesh ₹ 18,000.</p> <p>2025, Jan 12th: Paid rent ₹2,000.</p> <p>2025, Jan 15th: Received cash from Ramesh ₹17,800 in full settlement of his account</p> <p>2025, Jan 25th: Acquire Machinery for Rs. 50,000, half amount paid by Cash & remaining half by Cheque</p>	07 Marks	L3	CO2
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Or

14.	<p>From the following information, redraft the trial balance for the year ending March 31st, 2025:</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: left;">Particulars</th> <th style="text-align: right;">Rs.</th> </tr> </thead> <tbody> <tr> <td>Salaries & wages</td> <td style="text-align: right;">6,000</td> </tr> <tr> <td>Debentures</td> <td style="text-align: right;">3,000</td> </tr> <tr> <td>Bank Loan</td> <td style="text-align: right;">2,500</td> </tr> <tr> <td>Plant & Machinery</td> <td style="text-align: right;">4,100</td> </tr> <tr> <td>Capital</td> <td style="text-align: right;">12,500</td> </tr> <tr> <td>Building</td> <td style="text-align: right;">19,200</td> </tr> <tr> <td>Taxes</td> <td style="text-align: right;">5,400</td> </tr> <tr> <td>Commission Received</td> <td style="text-align: right;">825</td> </tr> <tr> <td>Travelling expenses</td> <td style="text-align: right;">4,475</td> </tr> <tr> <td>Sales</td> <td style="text-align: right;">22,000</td> </tr> <tr> <td>Advertisement</td> <td style="text-align: right;">1,650</td> </tr> </tbody> </table>	Particulars	Rs.	Salaries & wages	6,000	Debentures	3,000	Bank Loan	2,500	Plant & Machinery	4,100	Capital	12,500	Building	19,200	Taxes	5,400	Commission Received	825	Travelling expenses	4,475	Sales	22,000	Advertisement	1,650	07 Marks	L3	CO2
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15.	A machine costing ₹50,000 is expected to have a residual value of ₹10,000 and a life of 5 years. Installation charges applicable were Rs. 10,000. Calculate depreciation for each year under the Straight-Line Method and show Machinery Account & Depreciation account for 5 years.	07 Marks	L3	CO3
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Or

16.	Write down transactions for the following : <ol style="list-style-type: none"> i. Increase in Assets & Decrease in Assets ii. Increase in Assets & Decrease in Liabilities iii. Increase in Assets & increase in Capital iv. Decrease in Assets & Decrease in Capital v. Increase in Assets & Increase in Liabilities 	07 Marks	L3	CO3
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17.	From the following errors, prepare journal entries for rectification of errors: <ol style="list-style-type: none"> a. Purchase of furniture ₹5,000 was debited to Purchases A/c. b. Discount received ₹300 was not posted to Discount Received A/c. c. Sales book was overcast by ₹1,000. d. A credit sale of ₹2,500 to Arjun was wrongly posted to his account as ₹5,200. e. Cash received Rs. 1,500 from Vijay was wrongly posted to Bijay a/c. f. Sale of old furniture for Rs. 2,000 treated as sale of goods g. Depreciation on machinery written off as Rs. 200 was not posted 	07 Marks	L3	CO4
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Or

18.	<p>On 31st March, 2019, Cash Book of Ravish showed debit bank balance of ₹ 75,000. When compared with the Bank Statement, following facts were discovered.</p> <p>On 30th March, two cheques of ₹ 7,000 and ₹ 5,000 were deposited in the bank but were not realised till date.</p> <p>On 28th March, three cheques of ₹ 12,000, ₹ 6,000 and ₹ 8,000 were issued but none of these were presented to the bank for payment.</p> <p>On 31st March, bank account was credited with ₹ 1,250 as bad debts written off earlier but this was not recorded in the Cash Book.</p> <p>On 31st March the bank had charged ₹ 100 as bank charges and Rs. 50 as SMS fees but this was not recorded in the Cash Book.</p> <p>Bank paid insurance premium of ₹ 5,000 but it was recorded as ₹ 500 in Cash Book.</p> <p>Prepare Bank Reconciliation Statement on 31st March, 2019.</p>	07 Marks	L3	CO4
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19.	Identify transactions as cash flow from Investing activities, operating activities & financing activities: <ul style="list-style-type: none"> • Cash received from customers • Payment made to suppliers • Purchase of plant and machinery • Sale of old equipment • Issue of equity shares for cash • Redemption of debentures 	07 Marks	L4	CO5
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	<ul style="list-style-type: none"> • Dividend received • Dividend paid to shareholders • Interest paid on bank loan • Purchase of investments 			
Or				
20.	Discuss the purpose of interpretation and analysis of financial statements.	07 Marks	L4	CO5

Part C

Answer any three Questions. Each question carries 15marks

3Q x 15M=45M

21.	Discuss in detail the components of financial statements and explain their interrelationship. Illustrate with suitable examples.	15 Marks	L4	CO1
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22.	<p>Journalize the following transactions and post them to ledger and extract the trail balance, create suspense account required.</p> <p>June 2021</p> <ol style="list-style-type: none"> 1 Started Business with a capital of Rs 5,000 2 Purchased goods from Guru for Rs 1,500 3 Paid to Guru in full in cash Rs 1,450 4 Sold goods to Kamal for Rs 500 5 Received cash from Kamal Rs 450 in full settlement 6 Paid salary Rs 300 7 Purchased furniture for Rs 1,000 8 Sold goods for Rs 1,300 9 Received interest Rs 50 10 Deposited cash in to bank Rs 1000 11 Paid wages Rs 100 12 Withdrew cash from bank for personal use Rs 200 	15 Marks	L4	CO2
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23.	Dinesh Ltd. had started a manufacturing unit and the company purchased machinery worth ₹80,000 on 1st April 2021 and had spent Rs. 20,000 for its installation. The estimated life of the machinery is 5 years, and its scrap value is ₹0. The company sold off the machinery on March 31st 2025 for Rs. 10,000. Calculate the annual depreciation using the Straight-Line Method, Profit or loss occurred by the company. Prepare the Machinery Account as well as depreciation account for 4 years.	15 Marks	L4	CO3
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24.	<p>Prepare Cash Flow Statement of XYZ Ltd. for the year ended 31st March, 20X1 with the help of the following information:</p> <ol style="list-style-type: none"> 1. Company sold goods for cash only. 2. Gross Profit Ratio was 30% for the year; gross profit amounts to ₹3,82,500. 	15 Marks	L4	CO4
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	<p>3. Opening inventory was lesser than closing inventory by ₹35,000.</p> <p>4. Wages paid during the year ₹4,92,500.</p> <p>5. Office and selling expenses paid during the year ₹75,000.</p> <p>6. Dividend paid during the year ₹30,000.</p> <p>7. Bank loan repaid during the year ₹2,15,000 (included interest ₹15,000).</p> <p>8. Trade payables on 31st March, 20X0 exceeded the balance on 31st March, 20X1 by ₹25,000.</p> <p>9. Amount paid to trade payables during the year ₹4,60,000.</p> <p>10. Tax paid during the year amounts to ₹65,000 (Provision for taxation as on 31.03.20X1 ₹45,000).</p> <p>11. Investments of ₹7,00,000 sold during the year at a profit of ₹20,000.</p> <p>12. Depreciation on fixed assets amounts to ₹85,000.</p> <p>13. Plant and machinery purchased on 15th November, 20X0 for ₹2,50,000.</p> <p>14. Cash and Cash Equivalents on 31st March, 20X0 ₹2,00,000.</p>			
25.	Explain in detail the concepts of parent, subsidiary, control, and non-controlling interest. Discuss the components of a Consolidated Financial Statement.	15 Marks	L4	C04