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**PRESIDENCY UNIVERSITY  
BENGALURU**

**SCHOOL OF LAW  
END TERM EXAMINATION - JAN 2023**

**Semester :** Semester I - 2022

**Course Code :** BBL2007/BCL2007

**Course Name :** Sem I - BBL2007/BCL2007 - Basics of Accounting

**Program :** LLB (All)

**Date :** 13-JAN-2023

**Time :** 1.00PM - 4.00PM

**Max Marks :** 100

**Weightage :** 50%

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**Instructions:**

- (i) Read all questions carefully and answer accordingly.*
  - (ii) Question paper consists of 3 parts.*
  - (iii) Scientific and non-programmable calculator are permitted.*
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**PART A**

**ANSWER ALL THE FOLLOWING QUESTIONS**

**10 X 2 = 20M**

1. What do you understand by the term double entry system?  
(CO1) [Knowledge]
2. Describe the term going concern concept.  
(CO1) [Knowledge]
3. Name different types of personal accounts.  
(CO2) [Knowledge]
4. Explain the meaning of nominal account.  
(CO2) [Knowledge]
5. Draw a proper format for the journal account.  
(CO3) [Knowledge]
6. Define the term journal.  
(CO3) [Knowledge]
7. Cite two objectives of preparing a trial balance.  
(CO4) [Knowledge]
8. Give one example of a compound journal entry.  
(CO4) [Knowledge]
9. Explain the term trial balance.  
(CO4) [Knowledge]
10. Write the full form of G.A.A.P.  
(CO1) [Knowledge]

## PART B

ANSWER ALL THE FOLLOWING QUESTIONS

4 X 10 = 40M

11. Every transaction which is financial in nature should be recognised in the books of accounts. The major dilemma for an accountant is when to recognise the transactions in the books of accounts. For this, they either follow cash or an accrual basis of accounts. Explain in detail the cash and accrual basis of accounts. Suggest which one is better (cash and accrual basis of accounts) and give a valid reason for your answer.
- (CO1) [Comprehension]
12. Mr Garg, a businessman, always thought that the term bookkeeping and accounting could be used interchangeably. He believed that they both were the same concepts with different names. Do you agree with him? If yes, why, and if no, differentiate between the two.
- (CO2) [Comprehension]
13. The purpose of a journal entry is to physically or digitally record every business transaction correctly and accurately. If a transaction affects multiple accounts, the journal entry will also detail that information. Ledger posting transfers debit and credit items from journal entries into their separate accounts. Keeping in mind the above explanation, differentiate between ledger and journals.
- (CO3) [Comprehension]
14. Hire purchase agreements are contracts between a person supplying equipment (the financier) and the person hiring the equipment (the hirer). They allow businesses to hire equipment through instalment payments. Unlike traditional loans, there is no lending of funds; instead, the hirer pays for the equipment over time until the financier receives the total price of the equipment. There is a considerable difference between hire purchase and sale. Explain that difference.
- (CO4) [Comprehension]

## PART C

ANSWER ALL THE FOLLOWING QUESTIONS

2 X 20 = 40M

15. Ms Anika is starting a new business of designer clothes. While she is an expert in designing clothes, she has no idea about accounting and why it is done. As an accounts student, help Ms Anika to understand the significant advantages and disadvantages of accounting. Also, explain to Anika the five concepts of accounting principles.
- (CO2) [Application]
16. On January 1st 2022, Priyanshu bought a machine on the hire purchase system. The price of the machine was 30,000, and the payment was made as follows:  
Rs 8000 was to be paid on signing the agreement, and the balance in 3 instalments of Rs 8000 each. The hire vendor charges an interest of 5%. Calculate the interest for each year.
- (CO4) [Application]

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