



**PRESIDENCY UNIVERSITY
BENGALURU**

SET A

**SCHOOL OF COMMERCE
END TERM EXAMINATION - JAN 2024**

Semester : Semester I - 2023

Course Code : BCH2001

Course Name : Basics of Financial Accounting

Program : B.Com. Honors

Date : 11-JAN-2024

Time : 1:00 PM - 4:00 PM

Max Marks : 100

Weightage : 50%

Instructions:

- (i) Read all questions carefully and answer accordingly.
- (ii) Question paper consists of 3 parts.
- (iii) Scientific and non-programmable calculator are permitted.
- (iv) Do not write any information on the question paper other than Roll Number.

PART A

ANSWER ALL THE QUESTIONS

5 X 2M = 10M

1. Explain incomes statement and any two components of income statement. (CO1) [Knowledge]
2. Explain depreciation and the purpose of depreciation (CO2) [Knowledge]
3. Define Managerial Accounting (CO3) [Knowledge]
4. Explain any two assumptions of variable costing method (CO4) [Knowledge]
5. Describe money measurement concept (CO5) [Knowledge]

PART B

ANSWER ALL THE QUESTIONS

5 X 10M = 50M

6. Create journal entries for the following transactions
 1. Harish started business with cash \$ 10000
 2. Bought goods from Manohar \$ 5000
 3. Purchase fittings for cash \$800
 4. Sold goods to Charanjeet \$. 1600
 5. Paid Manohar \$ 3000
 6. Sold goods Vadva Ram \$. 2000
 7. Received from Charanjeet \$ 1540 and allowed him discount \$. 60
 8. Paid wages \$ 80
 9. Bought goods for cash \$ 600
 10. Sold goods to Ramesh 3400

(CO1) [Comprehension]
7. Describe different methods of depreciation and its methodology

(CO2) [Comprehension]

8. 1. Explain the concept of Double-Declining Balance (DDB) depreciation and its main advantages compared to the Straight-Line Method. Be sure to consider the context of a rapidly depreciating asset with technological obsolescence.
2. Describe the calculation of depreciation expense under the DDB method, using a specific formula and example.
3. Discuss two potential limitations of using the DDB method and propose strategies to mitigate these limitations in the context of managing company finances.

(CO3) [Comprehension]

9. Journalise the following transactions and post them into Ledger and Prepare Trial Balance.

1. Started business with cash of Rs. 500,000.
2. Furniture purchased from Jai Sons on credit Rs. 200,000.
3. Payment made to Silky Brothers Rs.10,000
4. Commission received from Haryana Automobiles Rs.8,000
5. Goods purchased from Ram Lal and Sons Rs.600,000
6. Interest paid to \$Ghanshyam and sons Rs. 6,000

(CO3) [Comprehension]

10. Imagine you are the IT consultant for a growing online bookstore called "Book Haven." They are experiencing rapid growth and struggling to manage their inventory, orders, and customer data efficiently. You recommend implementing a new MIS to address these challenges. Describe the six key components of a Management Information System and explain how each component would contribute to improving Book Haven's operations using the specific scenario provided

(CO5) [Comprehension]

PART C

ANSWER ALL THE QUESTIONS

2 X 20M = 40M

11. Imagine you're a financial consultant analysing Tesla's Statement of Financial Position (SFP) as of December 31, 2023. Tesla has experienced significant growth in recent years, but also faces challenges related to production. As a financial consultant what do you think statement of financial position contribute to the other financial statements and briefly explain the components and features involved in statement of Financial Position.

(CO4) [Application]

12. Imagine you are a financial consultant advising a small business owner, Sarah, who is considering implementing a Computerized Accounting System (CAS) for the first time.

1. Features: As an expert in accounting theory, explain three key features of a modern CAS that align with the following fundamental accounting principles:

- Matching Principle: Matching expenses with the revenues they generate in the same accounting period.
- Going Concern Assumption: Assuming the business will continue to operate in the foreseeable future.
- Accrual Accounting: Recognizing expenses and revenues when they are incurred or earned, regardless of cash flow timing.

2. Discuss potential advantages that implementing a CAS can offer Sarah's business, compared to her current manual accounting system, from the perspective of accounting information quality and decision-making.

3. Identify potential limitations Sarah might face while transitioning to a CAS, and suggest two strategies she can adopt to mitigate these limitations, drawing on your understanding of internal controls and data security concepts from accounting theory.

(CO5) [Application]