



**PRESIDENCY UNIVERSITY,
BENGALURU**

SCHOOL OF LAW

MID TERM EXAMINATION

Odd Semester: 2018-19

Course Code: BCL 101

Course Name: Financial Accounting

Branch & Sem: BBA/B.Com., LL.B.(Hons.) I Sem

Date: 25 October 2018

Time: 2 Hours

Max Marks: 60

Weightage: 30%

Instructions:

- (i) *Calculators are allowed*
(ii) *All parts of the question paper are compulsory*

Part A

Answer **all** the Questions. **Each** question carries **six** marks. (3x6=18)

1. a) State the accounting equation. (3 marks)
b) Show the expanded accounting equation. (3 marks)
2. a) What are types of assets? Give two examples each (3 marks)
b) What are the two types of liabilities? Give two examples each. (3 marks)
3. a) Name the four basic financial statements (4 marks)
b) Briefly explain any two accounting principles. (2 marks)

Part B

Answer **all** the Questions. **Each** question carries **twelve** marks. (2x12=24)

1. a) For each of the following entries, describe the event that gave rise to the event. (8 marks)

	Rs.	Rs.
(i) Accounts Payable	1300	
To Cash		1300
(ii) Prepaid Rent	4200	
To Cash		4200
(iii) Office Supplies	1500	
To Accounts Payable		1500
(iv) Cash	5000	
To Unearned revenue (received in advance from Customers)		5000
(v) Accounts Receivable	500	
To Fee revenue		500

(vi) Telephone Expense	200	
To Cash		200
(vii) Rent paid	1000	
To Cash		1000
(viii) Equipment	20000	
To Cash		5000
To Notes payable		15000

(b) Develop accounting equation from the following transactions (4 marks)

- Mohan commenced business with cash Rs.50000
- Purchased supplies(goods) for cash Rs.30000
- Purchased supplies(goods) on credit Rs.20000
- Sold goods for Rs.12000 costing Rs.10000
- Bought furniture on credit from A Ltd Rs. 2000
- Paid cash to a creditor Rs.15000

5. Financial statement information about four different companies is as follows. (12 marks)

	Luo Company	Foster Company	Usher Company	Merritt Company
January 1, 2014				
Assets	₹ 95,000	₹110,000	(g)	₹170,000
Liabilities	50,000	(d)	75,000	(j)
Owner's equity	(a)	60,000	45,000	90,000
December 31, 2014				
Assets	(b)	141,000	200,000	(k)
Liabilities	55,000	75,000	(h)	80,000
Owner's equity	63,000	(e)	130,000	162,000
Owner's equity changes in year				
Additional investment	(c)	15,000	10,000	15,000
Drawings	25,000	(f)	14,000	20,000
Total revenues	350,000	420,000	(i)	520,000
Total expenses	320,000	385,000	342,000	(l)

Instructions

(a) Determine the missing amounts. (Hint: For example, to solve for (a), Assets - Liabilities = Owner's equity = ₹45,000.)

Part C

Answer the Question. **Each** question carries **eighteen** marks. (1x18 =18)

6. Iris Beck is a licensed CPA. During the first month of operations of her business, the following events and transactions occurred.

May 1 Beck invested ₹20,000 cash in her business.

2 Hired a secretary-receptionist at a salary of ₹2,000 per month.

3 Purchased ₹2,500 of supplies on account from Tinio Supply Company.

7 Paid office rent of ₹900 cash for the month.

11 Completed a tax assignment and billed client ₹3,200 for services performed.

12 Received ₹3,500 advance on a management consulting engagement.

17 Received cash of ₹1,200 for services performed for Misra Co.

31 Paid secretary-receptionist ₹2,000 salary for the month.

31 Paid 60% of balance due Tinio Supply Company.

Iris uses the following chart of accounts: Cash, Accounts Receivable, Supplies, Accounts Payable, Unearned Service Revenue, Owner's Capital, Service Revenue, Salaries and Wages Expense, and Rent Expense.

Instructions

- (a) Journalize the transactions. (6 marks)
- (b) Post to the ledger accounts. (6 marks)
- (c) Prepare a trial balance on May 31, 2017. (6 marks)

