

FIRST SEMESTER UG DEGREE EXAMINATION, NOVEMBER 2022
(Regular/Improvement/Supplementary)

BBA HONOURS

GBAH1B01T: PRINCIPLES OF ACCOUNTING I

Time: 3 Hours

Maximum Marks: 80

PART A: Answer all the questions. Each carries 1 mark.

Choose the Correct Answer

1. The inflow of assets resulting from the sale of products and services is called
a) Expense. b) Asset. c) Revenue. d) Liability.
2. Which of these events will not be recognized?
a) A service is performed, but the payment is not collected on the same day.
b) Supplies are purchased. They are not paid for; the company will be billed.
c) A copy machine is ordered. It will be delivered in two weeks.
d) Electricity has been used but has not been paid for.
3. The name given to balance sheet accounts because they are permanent and are not closed at the end of the period
a) Real account b) Personal Account c) Nominal Account d) None of the above
4. Money kept on hand for making minor disbursements in coin and currency rather than by writing checks.
a) Petty cash fund b) Cash account c) Cash register d) None
5. Which among the following is not a principle of Cost Estimation?
a) Communication b) Cost Break-down c) Prediction d) Cost Reduction

Fill in the Blanks

6. Accounting Standards Board of India was set up by
7. An asset resulting from the recognition of a revenue before the receipt of cash is
8. is the forgone benefit that would have been derived from an option not chosen.
9. $Y = a + bx$, is the common model of equation.
10. is a statistical method that helps us to analyze and understand the relationship between two or more variables of interest.

(10 × 1 = 10 Marks)

PART B. Answer any eight questions. Each carries 2 marks.

11. What is the end product of accounting?
12. How would you describe the current role of the IASB in setting accounting standards?
13. What are the two types of events for a business organisation?
14. Explain the concept of measurement in accounting.

(PTO)

15. Belden started the year with 1,000 units of inventory with a unit cost of ₹ 5. During the year, it bought 3,000 units at a cost of ₹ 6 per unit. A year-end count revealed 500 units on hand. Compute ending inventory assuming both FIFO and LIFO.
16. List the internal control procedures in cash management.
17. Differentiate between tangible and intangible assets.
18. What is avoidable cost? Give examples.
19. Write a note on Cost Behaviour.
20. Define an Independent variable and a Dependent variable.

(8 × 2 = 16 Marks)

PART C: Answer any six questions. Each carries 4 marks.

21. Ace Corporation has been in business for many years. Retained earnings on January 1, 2022, is ₹ 235,800. The following information is available for the first two months of 2022:

	January	February
Revenues	₹ 83,000	₹ 96,000
Expenses	89,000	82,000
Dividends paid	0	5,000

Prepare a statement of retained earnings for the month ended February 28, 2022.

22. Identify the four major types of adjusting entries and prepare them for a variety of situations.
23. A realtor earns a 10% commission on the sale of a ₹ 150,000 home. The realtor lists the home on June 5, the sale occurs on June 12, and the seller pays the realtor the ₹ 15,000 commission on July 8. When should the realtor recognize revenue from the sale assuming (a) the cash basis of accounting and (b) the accrual basis of accounting?
24. Dexter Company's bank reconciliation shows an adjusted cash balance of ₹ 3,254.33. The following items also appear on the reconciliation:
 - NSF check ₹ 110.50
 - Deposit in transit 332.10
 - Interest earned 65.42
 - Outstanding checks 560.55
 - Bank service charges 30.00
 - a) Determine the balance on the bank statement prior to adjustment.
 - b) Determine the balance on the books prior to adjustment.
25. Bedford Corp. began the year with ₹ 15,000 in cash and another \$8,500 in cash equivalents. During the year, operations generated ₹ 140,000 in cash. Net cash used in investing activities during the year was ₹ 210,000, and the company raised a net amount of ₹ 180,000 from financing activities. Determine the year-end balance in cash and cash equivalents.

26. What are the cost classifications based on the function? Explain using relevant examples.
27. How is cost reflected in different financial statements? Illustrate using examples.
28. Briefly explain the principles of cost estimation.

(6 × 4 = 24 Marks)

PART D: Answer any two questions. Each carries 15 marks.

29. What is meant by events in accounting? Explain different types of events. For each of the following events, identify whether it is an external event that would be recorded as a transaction (E), an internal event that would be recorded as a transaction (I), or not recorded (NR).
- A vendor for a company's supplies is paid an amount owed on account.
 - A customer pays its open account.
 - A new chief executive officer is hired.
 - The biweekly payroll is paid.
 - Depreciation on equipment is recognized.
 - A new advertising agency is hired to develop a series of newspaper ads for the company.
 - The advertising bill for the first month is paid.
 - The accountant determines the federal income taxes owed based on the income earned during the period.
30. During the first month of operations, ABC Company incurred the following costs in ordering and receiving merchandise for resale. No inventory was sold.
- List price, ₹ 100, 200 units purchased
 - Volume discount, 10% off list price
 - Paid freight costs, ₹ 56
 - Insurance cost while goods were in transit, ₹ 32
 - Long-distance phone charge to place orders, ₹ 4.35
 - Purchasing department salary, ₹ 1,000
 - Supplies used to label goods at retail price, ₹ 9.75
 - Interest paid to supplier, ₹ 46
- You are required to find;
- What amount do you recommend the company record as merchandise inventory on its balance sheet? Explain your answer.
 - For any items not to be included in inventory, indicate their appropriate treatment in the financial statements.
31. Critically evaluate how the long-term assets influence the statement of cash flows with relevant illustrations.

(2 × 15 = 30 Marks)