

**FIRST SEMESTER UG DEGREE EXAMINATION, NOVEMBER 2023****(Regular/Improvement/Supplementary)****BBA HONOURS****GBAH1B01T: PRINCIPLES OF ACCOUNTING-I****Time: 3 Hours****Maximum Marks: 80****PART A: Answer *all* the questions. Each carries *one* mark.****Choose the correct answer.**

- Which of the following is not an asset?  
A) Accounts Receivable.      B) Land.      C) Office Supplies.      D) Accounts Payable.
- LIFO method results in \_\_\_\_\_.  
A) Valuation of inventory at latest price.      B) Charging production at latest.  
C) Both A & B.      D) None of those.
- Which of the following is not a primary form of business organization?  
A) Sole proprietorship.      B) Partnership.  
C) Limited liability company.      D) Non-profit organization.
- How do accountants primarily communicate financial information to users?  
A) Through financial statements and reports.      B) Through secret codes.  
C) Through Telepathy.      D) Through mail.
- Any written evidence in support of a business is called \_\_\_\_\_.  
A) Journal.      B) ledger.      C) Voucher.      D) Provision.

**Fill in the Blanks.**

- \_\_\_\_\_ is a financial statement that provides an overview of a company's financial position at a specific point in time."
- "The matching principle requires that expenses should be recognized in the same period as the \_\_\_\_\_ they help generate."
- "The accounting equation is expressed as  $\text{Assets} = \text{_____} + \text{Equity}$ ."
- The accounting \_\_\_\_\_ principle dictates that revenue should be recognized when it is earned, not necessarily when cash is received."
- The financial statement that shows a company's revenues and expenses over a specific period is the \_\_\_\_\_ statement.

**(10 x 1 = 10 Marks)****PART B: Answer any *eight* questions. Each carries *two* marks.**

- Differentiate between tangible and intangible assets with suitable examples.
- Define inventory.
- What is meant by Cost Behaviour?
- Define a Dependent variable.
- State the person who should be interested in accounting information.

**(PTO)**

16. What is money measurement concept in accounting?
17. How inventories affect cash flow statement?
18. What is FIFO?
19. Define Accounting.
20. What is Semi variable cost?

(8 x 2 = 16 Marks)

**PART C: Answer any six questions. Each carries four marks.**

21. Explain the principles of cost estimation in detail.
22. What is trial balance? Explain its objectives.
23. What are the criteria for measurement of revenue and expenses?
24. Record the following transaction in the cash book.

Jan 1 Opening balance: Cash Rs. 3,000, Bank Rs. 4,000.  
 “ 6 Rent paid by cheque Rs. 2,000.  
 “ 7 Received in account of cash sales Rs. 3,000.  
 “ 8 Paid Mehta Bros by cheque Rs. 2,000 and earned discount Rs. 200.  
 “ 10 Received from Suresh by cheque Rs. 2,000 and allowed him Rs.100 as discount.  
 “ 12 Cash sales Rs. 20,000  
 “ 20 Cash purchase Rs. 15,000.  
 “ 31 Salaries paid Rs. 5,000

25. South Indian Bank. began the year with Rs. 25, 000 in cash and another Rs. 9,500 in cash equivalents. During the year, operations generated Rs. 54,00,00 in cash. Net cash used in investing activities during the year was Rs. 41, 00, 00, and the company raised a net amount of Rs. 38,00,00 from financing activities. Determine the year-end balance in cash and cash equivalents.
26. An agent earns a 5% commission on the sale of a Rs. 9, 50,000 home. The realtor lists the home on March 9, the sale occurs on March 27 and the seller pay the agent Rs.47, 500 commissions on March 29. When should the agent recognize revenue from the sale assuming (a) the cash basis of accounting and (b) the accrual basis of accounting?
27. From the summarised cash book of Z Ltd, Calculate net cash flow from operating activities.

To Balance B/d	1,50,000	By Repayment of bank	
“ Sales of Machinery	13,50,000	loan	4,50,000
“ Receipt from debtors	90,00,000	By Purchase of machinery	12,00,000
“ Issue of share	30,00,000	By Payment to creditors	78,00,000
		By Dividends	3,00,000
		By Wages and Salaries	6,00,000
		By Rent	3,00,000
		By Income tax	1,50,000
		By Balance c/d	27,00,000
	135,00,000		135,00,000

28. The Calicut Oil Company closes its accounts at the end of each month. Following information is available for the month of June 2023.

	Rs.
Sales	25,00,000
Administrative expenses	5,000
Inventory – June 1	
50 tonnes @ Rs. 1000	50,000
Purchases	
June 10: 150 tonnes @Rs. 800	1,20,000
June 20: 150 tonnes @ Rs. 900	1,35,000
Inventory, June 30 100 tonnes.	

Compute the following data by the FIFO method:

- Inventory valuation on June 30, 2023
- Amount of cost of goods sold for June.
- Profit or loss for June 2023

(6 x 4 = 24 Marks)

**PART D: Answer any two questions. Each carries fifteen marks.**

29. Explain the principle of accounting in details with example.

30. From the following trial balance and additional information, you are required to prepare final account.

	Debtors	Creditors
Capital		20,000
Sundry debtors	5,400	
Drawings	1,800	
Sundry creditors		2,800
Wages	10,000	
Purchases	19,000	
Opening stock	4,000	
Bank	3,000	
Carriages	300	
Salaries	400	
Rent	900	
Sales		29,200
Return inwards	200	
Machinery	7,000	
	52,000	52,000

Additional informations:

Closing Stock Rs. 1,200

Outstanding rent Rs. 100

Depreciation on machinery @ 10%

Prepaid wages Rs. 400

Of the Sundry debtors Rs. 200 are bad and should be written off.

Maintain a provision of 5 % on sundry debtors for doubtful debts.

(PTO)

31. Bala is a popular dosa wala who prepares and sells hot mouth watering dosas outside a Deepam School of Management (DSM). He is always busy and registers a large amount of sale. A few days back, Bala got an offer to work for a big city caterer who has offered him a salary of Rs. 5,000 per month. Being illiterate Bala has never been able to calculate the profits from his dosa business. With this new job offer, he is confused and is unable to ascertain as to which of the options (his business or new job) will give him a better return. He approached one of the management students, Miss. Iswariya for help.

Iswariya asked Bala the following two questions:

1. What are the monthly sales of your dosa business?
2. What expense do you incurred in your business?

Bala replied:

These are the total sales I make in a month:

- 240 cheese dosas which I sell for Rs. 22 each.
- 300 plain dosas which I sell for Rs. 11 each.
- 280 masala dosas which I sell for Rs. 20 each.

Then Bala listed all his expenses as under:

- Dosa paste: Rs.4 for each piece of all dosa (Includes all types).
- Oil: Re 1 for each piece of dosa (includes all dosa).
- Cheese: Rs.5 for each piece of cheese dosa.
- Masala: Rs.7 for each piece of masala dosa.
- Rent: Rs.1, 000 per month.

As a student of management at DSM Iswariya, would offer advice to Bala after reviewing the income statement. The advice would pertain to whether he should continue operating his Dosa business or consider accepting the new job offer. Comment on it.

**(2 x 15 = 30 Marks)**