

D1BBH2301

Reg. No.....

Name:

FIRST SEMESTER UG DEGREE EXAMINATION, NOVEMBER 2024

(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.

1. The basis of recording transactions is _____.
 - a. Vouchers.
 - b. Order form.
 - c. Profit.
 - d. Quotation list.
2. Debit Means:
 - a. an increase in asset.
 - b. an increase in liability.
 - c. a decrease in asset.
 - d. an increase in capital.
3. The account that wholesalers and retailers use to report inventory held for sale is _____.
 - a. Merchandise Inventory.
 - b. Regular inventory.
 - c. Closing inventory.
 - d. None.
4. A manufacturer's inventory that is complete and ready for sale is called _____.
 - a. Raw material.
 - b. Finished product.
 - c. Work in progress.
 - d. None of these.
5. The form a department uses to initiate a request to order merchandise is known as _____.
 - a. Purchase requisition form.
 - b. Invoice.
 - c. Purchase order
 - d. None of these.

Fill in the Blanks.

6. Classifying the transactions according to similarity is done using _____.
7. A liability resulting from the recognition of an expense before the payment of cash is called _____.
8. The system in which the inventory account is updated only at the end of the period is called _____.
9. _____ are assets that are not required for daily business operations but can still generate revenue.
10. _____ is a cost that has already been incurred and that cannot be recovered.

(10 x 1 = 10 Marks)

Part B: Answer any *eight* questions. Each carries *two* marks.

11. Explain the role of source documents in recording transactions.
12. What is a semi variable cost?
13. In a periodic inventory system, what kind of account is Purchases? Is it an asset, an expense, or neither?
14. During the current period, Boston Corp. sold products to customers for a total of ₹85,000. Due to defective products, customers were given ₹2,000 in refunds for products that were returned and another ₹4,500 in reductions to their account balances. Discounts in the amount of ₹6,500 were given for early payment of account balances. Prepare the Net Sales section of Boston's income statement.
15. What is a cash equivalent? Why is it included with cash on the balance sheet?
16. The loan department in a bank is subject to regulation. Internal auditors work for the bank to ensure that the loan department complies with requirements. The internal auditors must verify that each car loan file has a note signed by the maker, verification of insurance, and a title issued by the state that names the bank as co-owner.
 - a) Explain why the bank and the regulatory agency are concerned with these documents.
 - b) Describe the internal control procedures that should be in place to ensure that these documents are obtained and safeguarded.
17. Differentiate between current and fixed assets.
18. Briefly explain the concept of Accumulated Depreciation.
19. Define Opportunity cost.
20. What do you mean by credit?

(8 x 2 = 16 Marks)

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

21. Indicate the debit or credit rule for different type of accounts. For each of the following accounts, indicate whether it would be increased with a debit or a credit.

_____ Accounts Payable
_____ Office Supplies
_____ Interest Revenue
_____ Income Tax Expense
_____ Income Tax Payable
_____ Cash
_____ Common Stock
_____ Land

22. What are the inventory characteristics that would allow a company to use the specific identification method? Give at least two examples of inventory for which the method is appropriate.
23. 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.
24. 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.
25. Differentiate between operating and non-operating assets.
26. The following data has been taken from the financial statements of Metro industries:
- Gross sales: Rs. 65,000
 - Sales returns: Rs. 2,500
 - Assets at the beginning of the year: Rs. 78,000
 - Assets at the end of the year: Rs. 72,000
- Compute assets turnover ratio for Metro industries.
27. What are the cost classifications based on the nature of cost? Explain using relevant examples.
28. What do you mean by flow of costs? Explain the cost flow chart stating its importance.

(6 x 4 = 24 Marks)

SECTION D: Answer any two questions. Each carries fifteen marks.

29. Classify each of the following items according to the section on the statement of cash flows in which it should appear: operating (O), investing (I), or financing (F) and give your justifications by explaining the characteristic of each type of activity.

Item	Section
Example: Cash paid for insurance	O
i. Cash paid for land	_____
ii. Cash received from issuance of note	_____
iii. Cash paid for dividends	_____

- iv. Cash received from issuance of capital stock _____
- v. Cash collected from customers _____
- vi. Cash paid for income taxes _____

(PTO)

30. For the following situations, indicate the date on which revenue would be recognized, assuming the accrual basis of accounting.

a. On June 10, a customer orders a product over the phone. The product is shipped to the customer on June 14, and the customer pays the amount owed on July 10.

b. On March 15, a law firm agrees to draft a legal document for a client. The document is completed and delivered to the client on April 5, and the client pays the amount owed on May 2.

c. A homeowner signs a contract on August 6 to have a company install a central air conditioning system. The work is completed on August 30, and the homeowner pays the amount owed on September 25.

Give justification for each of your answers in light of revenue recognition.

31. Calculate the regression coefficient and obtain the lines of regression for the following data.

X	1	2	3	4	5	6	7
Y	9	8	10	12	11	13	14

(2 x 15 = 30 Marks)