Second Semester (FYUGP) Degree Examination April 2025

MDC Commerce

COM2FM106(3) : FOUNDATIONS OF ACCOUNTING

(Credits: 3)

Time: 1.5 Hours	Maximum Marks: 50

Section A

Answer the following questions. Each carries 2 marks (Ceiling: 16 marks)

1.	Define Accounting.	BL1	CO1
2.	What do you mean by current assets?	BL1	CO3
3.	Define a ledger in accounting.	BL1	CO2
4.	List any three types of assets with one example each.	BL2	CO1
5.	Why is the purchasese of machinery considered capital expenditure while its repair is considered revenue expenditure?	BL2	CO1
6.	Why is the single-entry system considered an incomplete method of accounting?	BL2	CO1
7.	Write the basic formula of the accounting equation.	BL1	CO1, CO2
8.	List the main users of accounting information.	BL2	CO1
9.	Classify the following items under the correct account (Trading Account or Profit & Loss Account): (a) Wages (b) Discount Allowed	BL3	CO3
10.	Why a cash account always has a debit balance?	BL3	CO1

Section B

Answer the following questions. Each carries 6 marks (Ceiling: 24 Marks)

11.	Explain why vouchers are necessary before recording transactions.	BL2	CO1, CO2
12.	State the golden rules of accounting for each type of account.	BL1	CO1, CO2
13.	Explain the concept of depreciation and its importance in accounting.	BL2	CO2
14.	How does the materiality principle influence the preparation of financial statements?	BL2	CO1, CO2

(PTO)

15.	Prepare a trial balance from the given information for the year 2024.		BL3	CO3
	Name of Account	Amount		
	Capital	15,000		
	Stock	10,000		
	Purchases	1,900		
	Sundry creditors	1,000		
	Bills payable	900		
	Wages	200		
	Rent	100		
	Sundry debtors	800		
	Sales	5,100		
	Machinery	8,000		
	B/R	1,000		

Section C

Answer any one question. Each carries 10 marks (1 x 10 = 10 Marks)

16.	Develop a simple journal entry record for a business showing at least five transactions and classify them according to debit and credit rules.	BL6	CO1, CO2
17.	What are monetary and non-monetary transactions? Explain with suitable examples and discuss why non-monetary events are not recorded in accounting	BL1	CO1, CO2

CO : Course Outcome

BL : Bloom's Taxonomy Levels (1 – Remember, 2 – Understand, 3 – Apply, 4 – Analyse, 5 – Evaluate, 6 – Create)