**ST.JOSEPH’S UNIVERSITY, BENGALURU -27**

Registration Number:

Date & session:

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**BCOM IFA – I SEMESTER**

**SEMESTER EXAMINATION: OCTOBER 2023**

**(Examination conducted in November /December 2023)**

**BCIFA 1121: FINANCIAL ACCOUNTING**

**(For current batch students only)**

**Time: 2 Hours Max Marks: 60**

**This paper contains \_\_\_\_\_\_ printed pages and \_\_4\_\_\_ parts**

**PART-A**

**Answer any five of the following (3 x 5= 15 MARKS)**

1. List out any three objectives of financial accounting.
2. Prepare trial balance from the following ledger balances

|  |  |
| --- | --- |
|  | $ |
| Sales  Purchases  Non-Current Assets  Trade Payables  Trade Recivables  Cash at Bank  Capital | 76700  26800  31400  18200  32300  14200  9800 |

1. A sale is made to a credit customer with a list price of $4500 net of sales tax. As the customer buys frequently from the business a trade discount of 5% is offered. Sales tax is offered 20%. Compute sales tax.
2. Record the **journal entry/rectifying journal entry** for the following transactions
3. Depreciation charged to the building $7,000
4. Discount received of $500 from a credit supplier.
5. An accounting entry for the purchase of goods on credit from supplier recorded as

Dr Trade payables ledger control accounts $6,400

Cr Purchases $6,400

1. What is meant by faithful representation in financial statements?
2. According to IAS 1 Presentation of financial statements, list out the components of financial statements to be mandatorily presented by a listed company.

**PART-B**

**Answer any two of the following (5 x 2=10MARKS)**

1. Explain the purpose of financial statements to various stakeholders.
2. Write short notes on the following
3. Sales order
4. Goods despatch notes
5. Goods received notes

9. From the following information calculate current and quick ratios for the year ended 31st Mar 20X1 and 31st Mar 20X2.

|  |  |  |
| --- | --- | --- |
|  | 31st Mar 20X1 ($) | 31st Mar 20X2 ($) |
| Inventory | 5320 | 4220 |
| Receivables | 10420 | 9320 |
| Cash at bank | 3200 | 2100 |
| Payables | 4100 | 3000 |
| Overdraft | 3121 | 2021 |

**PART-C**

**Answer *any two* of the following** (**10 x 2 = 20 marks)**

10. Prepare subsidiary books for the following transactions for the month of August 20X2.

Aug 1 Sold goods to Mrs. B for $500

Aug 1 Purchased goods at a cost of $2,000 from T

Aug 2 Goods returned to IC $150

Aug 3 Goods sold to J for $1,200

Aug 3 Goods returned by Mrs. B $100

Aug 4 Sold goods to S $4,000

Aug 5 Purchased goods from N $500

Aug 8 Purchased goods from H $10,000

Aug 8 Returned goods to T $300

Aug 9 Sold goods to A $2,200

Aug 11 Sold goods to Mrs. B $600

11. (i) Elaborate the elements of Financial Statements. **(5 Marks)**

(ii) Give the meaning of Rectification of errors and explain the following.

a. Error of Omission with an example.

b. Compensating errors with an example. **(5 Marks)**

12. MADE Co commenced business and in the first nine days of trading the following transactions occurred:

1 January It issued $10,000 share capital for cash.

2 January It purchased goods for $4,000 and pay by cheque.

3 January It bought a delivery van for $2,000 and pay by cheque.

4 January It purchased $1,000 of goods on credit.

5 January It sold goods for $1,500 cash.

6 January It sold all remaining goods for $5,000 on credit.

7 January It paid $800 to suppliers by cheque.

8 January It paid rent of $200 by cheque.

**(a) Complete the relevant ledger accounts.**

**(b) Extract a trial balance**

**PART - D**

**Answer the following (15marks)**

13. The trial balance of John Co, a limited liability entity, as at 31 December 20X5 was as follows:

|  |  |  |
| --- | --- | --- |
|  | **Dr** $ | **Cr** $ |
| Sales and purchases | 20,000 | 50,000 |
| Inventory | 8,000 |  |
| Distribution costs | 8,000 |  |
| Administration expenses | 15,550 |  |
| Receivables and payables | 10,000 | 20,000 |
| Fundamental reorganisation costs | 2,400 |  |
| Cash at bank | 7,250 |  |
| Ordinary shares 50c |  | 8,000 |
| 10% irredeemable preference shares $1 |  | 9,000 |
| 10% loan notes |  | 8,000 |
| Non-current assets at carrying amount | 35,000 |  |
| Share premium |  | 3,000 |
| Accumulated profits at 1 January 20X5 |  | 3,000 |
| Loan note Interest paid | 800 |  |
| Preference dividend paid | 900 |  |
| Interim ordinary dividend paid | 1,600 |  |
| Tax |  | 500 |
| Suspense |  | 8,000 |
|  | ––––––– | ––––––– |
|  | 109,500 | 109,500 |

The following is to be taken into account.

* A building whose carrying amount is currently $5,000 is to be revalued to $11,000.
* A final ordinary dividend of 10c per share is to be proposed.
* The balance on the income tax account represents an overprovision of tax for the previous year. Tax for the current year is estimated at $3,000.
* Closing inventory is $12,000.
* The balance on the suspense account represents the proceeds from the issue of 4,000 ordinary shares.

##### Prepare the following financial statements of John Co for the year ended 31 December 20X5:

1. **Statement of profit or loss and other comprehensive income**

##### Statement of financial position

1. **Statement of changes in equity.**