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

Registration Number:

Date & session:2-12-2022 (1PM)

**B.Com IFA – I SEMESTER**

**SEMESTER EXAMINATION: OCTOBER 2022**

**(Examination conducted in December 2022)**

**BCIFA 1121 - FINANCIAL ACCOUNTING**

**Time: 2 Hours Max Marks: 50**

**This paper contains three printed pages and three parts**

**Section A**

I. Answer any **five** of the following  **(5 X 2 = 10 marks)**

1. What is meant by financial accounting?
2. Give the meaning of substance over form?
3. Write short notes on debit and credit notes.
4. Mention examples of contingent assets and contingent liabilities (Two each)
5. G sold goods with a list price of $2,000 to R on a cash basis and allowed a trade discount of 10%. Show how the above should be recorded in both the books of G and R.
6. W Ltd purchased a patent, with a useful life of ten years for $20,000 on 1 January 2019. Prepare extracts of the financial statements for the year ended 31 December 2019?

**Section B**

II. Answer any **two** of the following **(2 x 15 = 30 marks)**

1. Describe all the qualitative characteristics of financial statements.
2. Neville is an entity that manufactures and retails office products. Its summarized financial statements for the years ended 30 June 20X4 and 20X5 are given below:

Statements of profit or loss for the year ended 30 June

20X4 20X5

$000 $000

Revenue 1,159,850 1,391,820

Cost of sales (753,450) (1,050,825)

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Gross profit 406,400 340,995

Operating expenses (170,950) (161,450)

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Profit from operations 235,450 179,545

Finance costs (14,000) (10,000)

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Profits before tax 221,450 169,545

Tax (66,300) (50,800)

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Net profit 155,150 118,745

Statements of financial position as at 30 June

20X4 20X5

$000 $000 $000 $000

Non-current assets 341,400 509,590

Current Assets

Inventory 88,760 109,400

Receivables 206,550 419,455

Bank 95,400

390,710 528,855

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732,110 1,038,445

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**Equity and reserves**

Share capital 100,000 100,000

Share premium 20,000 20,000

Revaluation reserve – 50,000

Retained earnings 287,420 376,165

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407,420 546,165

**Non-current liabilities**

Loans 83,100 61,600

**Current liabilities**

Payables 179,590 345,480

Overdraft – 30,200

Tax 62,000 55,000

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241,590 430,680

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732,110 1,038,445

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Calculate the ratios relating to Profitability, liquidity, efficiency and financial position of the business.

1. Melvin Co has closing inventory of 5 units at a cost of $7 per unit at 31 December 2015. During the first week of March 2016, Melvin Co entered into the following transactions:

Purchases

2nd March – 5 units at $8.00 per unit

4th March – 5 units at $10.00 per unit

6th March – 5 units at $11.00 per unit

Melvin Co sold 7 units for $20.00 per unit on 5th March.

Required:

(a) Calculate the value of the closing inventory at the end of the first week of trading using the following inventory valuation methods:

* FIFO
* Periodic weighted average cost
* Continuous weighted average cost.

(b) Prepare the statement of profit or loss (sales revenue, cost of sales, gross profit) for the first week of trading using each method of inventory valuation.

**Section C**

III. **Answer the following (1 X 10 = 10 marks)**

1. MK Ling runs a business providing equipment for bakeries and always makes a note of sales and purchases on credit and associated returns. However, MK Ling is not sure how the transactions should be recorded for the purposes of his accounts.

1 March M Bakewell purchases cake tins at a cost of $5,000.

1 March MK Ling purchases equipment at a cost of $2,000 from wholesalers TinPot Ltd.

2 March MK Ling returns goods costing $1500 to another supplier, I Cook.

3 March Jak Flap buys equipment which cost $12,000.

3 March M Bakewell returns $1000 of the goods supplied to her.

4 March V Sand buys a new oven for $40,000.

5 March MK Ling purchases baking trays for $5,000 from regular supplier TinTin Ltd.

8 March MK Ling purchases ovens costing $1,00,000 from Hot Stuff Ltd.

8 March MK Ling returns equipment costing $3,000 to TinPot Ltd.

9 March Pavel Ova purchases goods costing $22,000.

11 March M Bakewell buys some ovenproof dishes costing $6,000.