

(Please write your Exam Roll No.)

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# END TERM EXAMINATION

THIRD SEMESTER [BCA] DECEMBER 2015-JANUARY 2016

Paper Code: BCA-207

Subject: Principles of Accounting

Time: 3 Hours

Maximum Marks: 75

Note: Attempt any five questions including Q.no.1 which is compulsory.  
Select one question from each unit. Calculators are allowed.

- Q1 (i) State true or False with reason in support. (1.5x6=9)
- (a) "Goods are ordered for delivery next month" represents a business activity.
  - (b) Sales journal is used for recording both cash sales and sales on credit.
  - (c) On the basis of going concern concept, assets are always valued at market value.
  - (d) Financial accounting ignores important non-monetary information.
  - (e) FIFO inventory valuation method is most suitable in times of falling price.
  - (f) Closing stock if appears only in trial balance, is taken only to balance sheet.
- (ii) Fill in the blanks:- (2x3=6)
- (a) According to \_\_\_ principle, revenues are matched with \_\_\_ during an accounting period.
  - (b) \_\_\_ discount is allowed to promote sales and \_\_\_ discount is allowed to encourage prompt payment.
  - (c) Accounting process starts with \_\_\_ and ends with \_\_\_.

## UNIT-I

Q2 What is financial accounting and how does it differ from management accounting? What are the limitations and advantages of financial accounting? List the users of financial accounting information. (15)

Q3 Explain various accounting concepts and conventions in brief. (15)

## UNIT-II

Q4 Journalize the following transactions in books of Mr. Shyam. (1.5x10=15)

2014	Particulars
Jan 1	Started business with cash Rs 40,000 and furniture worth Rs 10,000
Jan 2	Sold goods to Ram for Rs 25,000. Goods returned by Ram worth Rs 2000.
Jan 5	Withdrew furniture worth Rs 1000 and Rs 2000 in cash for personal use.
Jan 10	Placed on fixed deposit A/c at bank from current account Rs. 5000.
Jan 15	Purchase goods from Rahul at list price 20,000 less trade discount of 10%, 2% cash discount.
Jan 16	Received cash of Rs 21000 from Ram in full settlement.
Jan 20	Loss by theft of goods worth Rs 2000 and free samples of Rs 3000 were distributed.
Jan 25	Provide interest on capital @ 10% p.a and interest on drawing @2% p.a.
Jan 27	Goods were sold for cash Rs 5000.
Jan 31	Income tax paid Rs 5000.

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- Q5 (i) Differentiate between real, nominal and personal account. (6)  
(ii) Why is it necessary to sub-divide a journal? Explain various special journal/subsidiary books. (6)  
(iii) What is purchase books? Illustrate with example. (3)

**UNIT-III**

- Q6 Explain the various components of the term, "Final accounts". Illustrate the financial treatment of any 10 adjustment entries with example. (15)
- Q7 Prepare the Trading, Profit and Loss Account and Balance sheet for the year ended 31<sup>st</sup> Dec, 2014 from the following trial balance:

Debit Balance	Amount(Rs)	Credit Balance	Amount(Rs)
Furniture	640	Capital	12,500
Building	13750	Provision for bad debts	200
Bad Debts	125	Sundry creditors	2500
Sundry Debtors	3800	Sales	15,250
Opening Stock	3460	Bank overdraft	2,850
Purchases	5350	Commission	375
Advertising	568		
Cash	650		
Taxes & Insurance	1250		
Salaries & Wages	4082		
<b>Total</b>	<b>33675</b>	<b>Total</b>	<b>33675</b>

Following the adjustments are to me made:-

- (i) Stock in hand on 31<sup>st</sup> December, 2014 was Rs 3250.  
(ii) Depreciate building @5%, furniture @ 10% p.a.  
(iii) Salaries of Rs 200 and Tax of Rs 100 are outstanding.  
(iv) Insurance amounting Rs 200 is prepaid.  
(v) One third of commission is received in advance.  
(vi) Write off Rs 100 as bad debts and provision of bad debts to made is 10% on sundry debtors. (15)

**UNIT-IV**

- Q8 What is depreciation? What is the need of providing depreciation? State the various caused of depreciations. Explain straight line and written down value methods with suitable examples. (15)
- Q9 Prepare ledger account for the month of January 2015 under LIFO, FIFO and average weighted method:- (15)

Date	Receipt	Date	Issues
Jan. 1	Opening Balance: 500 units @ Rs 4	Jan. 4	200 units
Jan. 5	Received from vendor: 200 units @ Rs. 4.25	Jan 10	400 units
Jan. 12	Received from vendor: 150 units @ Rs 4.10	Jan 15	100 units
Jan. 20	Received from vendor: 300 units @ Rs. 4.50	Jan 19	100 units
Jan. 25	Received from vendor: 400 units @ Rs 4	Jan 26	200 units

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