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END-TERM EXAMINATION

THIRD SEMESTER [BCA] DECEMBER-2007

Paper Code: BCA-207

Paper Id-20207

Time : 3 Hours

Subject: Financial Accounting

Batch-2005

Maximum Marks : 75

Note: Q.1 is compulsory. Attempt any four questions from the rest.

- Q.1 State True or False with one reason in support: (10 X 1.5 = 15)
- (a) Financial accounting and management accounting mean same thing.
 - (b) Business transactions are generally described in monthly terms.
 - (c) Goodwill is fictitious asset.
 - (d) Balance sheet shows the financial position at a point of time.
 - (e) Double entry system is the only scientific system of book keeping.
 - (f) FIFO method of inventory valuation is the best method.
 - (g) Debt equity ratio is profitability ratio.
 - (h) Expenditure incurred on installation of an asset is a capital expenditure.
 - (i) Funds flow analysis shows the position of business as on the closing date of business period.
 - (j) Debenture holders are members of the company.

- Q.2 (a) Describe the significance of 'break even point' analysis. (5)
- (b) What are the various concepts and conventions of accounting? Describe them briefly. (5)
- (c) Describe the uses of computer in financial scrutiny. (5)

- Q.3 Journalise the following transaction: (15)

Jan 1, 2000 Assets:

Cash in hand	Rs. 2,000
Cash at bank	Rs. 68,000
Stock of goods	Rs. 40,000
Machinery	Rs. 100,000
Furniture	Rs. 10,000
M/S Surya Bros owe	Rs. 15,000
M/S Balu Owe	Rs. 25,000

Liabilities:	Loan Rs. 50,000, Sum owing to Jain Ltd.	Rs. 20,000
Jan 2, 2000	Bought goods on credit from Samuel & co	Rs. 10,000
Jan 3,	Sold goods for cash to Dhiraj & Co.	Rs. 4,000
Jan 4,	Sold goods to Surya Bros on credit	Rs. 10,000
Jan 5,	Received from Surya Bros full settlement of amount due on Jan 1, 2000	Rs. 14,500
Jan 6,	Payment made to Jain Bros Ltd. By cheque	Rs. 9,750
	They allowed discount	Rs. 250
Jan 9,	Old furniture sold for cash	Rs. 1,000
Jan 10,	Bought goods for cash	Rs. 25,000
Jan 11,	Balu Bros pay by cheque	Rs. 25,000
Jan 19,	Received cheque from Surya Bros, cheque deposited in Bank	Rs. 9,500
	Discount allowed to them	Rs. 250

- Q.4 Define working capital and examine the factors which influence the working capital needs of a manufacturing concern. (15)

- Q.5 From the following trial balance prepare a trading, manufacturing and profit/loss accounts and balance sheet as on Dec-31, 2000.

Particulars	Amount (Dr) Rs	Cr(Rs)
Stock on 1-1-2000:		
Raw material	2,000	
Work in process	5,000	
Finished goods	10,000	
Manufacturing wages	10,000	
Purchase of raw material	30,000	
Factory rent	5,000	
Carriage of raw material	3,000	
Salary of work manager	2,000	
Printing & stationery	1,000	
Office rent	2,000	
Bad debt	1,000	
Sales		60,000
Land & Building	30,000	
Plants & machinery	20,000	
Depreciation on plant	2,000	
Sundry debtors	5,000	
Sundry creditors		30,000
Cash in hand	5,000	
Capital		43,000
Total	1,33,000	1,33,000

Closing stocks on 31 Dec, 2000 were as follows:

Raw material Rs. 5,000 work in process Rs. 4,000 and finished goods Rs. 10,000. (15)

- Q.6 (a) Briefly explain the methods of inventory valuation. Which method of inventory valuation is appropriate to value inventory on the balance sheet date? (6)
- (b) Explain with examples the measurement of cost of debt. (6)
- Q.7 What is receipts and payment account? How will you deal with donations and legacies in final accounts of a non-profit organization? (15)
- Q.8 Write notes on any three: (3 X 5= 15)
- (b) Sinking fund method of depreciation
- (c) The advantages and limitations of accounting ratio
- (d) Software for accounting
- (e) Cash flow statement versus fund flow statement
- (f) Cost of equity
