

# END TERM EXAMINATION

THIRD SEMESTER [BCA] DECEMBER-2009

Paper Code: BCA207

Subject: Financial Accounting

Paper Id-20207

Time : 3 Hours

Maximum Marks :75

Note: Q.1 is compulsory. Attempt any one question from each unit.

- Q1 State with reasons whether the following statements are true or false: (10x1.5=15)
- (a) Since the life of the business is assumed to be indefinite, the financial statements of the business should be prepared only when it goes into liquidation. F
  - (b) Transactions are recorded first of all in the ledger. F
  - (c) Office equipment purchased on credit will be recorded in the purchase book. T
  - (d) Repairs incurred before using a second hand car purchased recently is a capital expenditure. F
  - (e) The 'current liabilities' is used to denote those liabilities which are payable after a year. T
  - (f) Periodic inventory gives a continuous balance of stock in hand. T
  - (g) Working capital is the difference between fixed assets and current assets. F
  - (h) Funds flow statements and cash flow statement are one and the same. F
  - (i) Break-even level refers to that level where the firm is able to recover only the costs and does not make any profit. T
  - (j) Equity shareholders are owners of the company. T

## UNIT-I

- Q2 What is financial accounting? What are its objectives and state the persons who should be interested in accounting information? (3+6+6)
- Q3 Discuss briefly the basic accounting concepts and fundamental accounting assumptions. (15)

## UNIT-II

- Q4 (a) Explain the different categories in which the accounting transactions can be classified. Also state the rule of 'debit' and 'credit' in this connection. (5)
- (b) Pass the opening entry on January 1, 2008 on the basis of the following information:- cash-Rs. 25,000, machinery-Rs. 50,000, furniture-Rs. 5,000, building-Rs. 75,000, satesh-Rs.7,000 (debtor), Anil-Rs. 3,000(debtor), Rashid-Rs. 4000(creditor), Bills receivable-Rs. 15,000 and bills payable-Rs. 10,000. (5)
- (c) Journalise the following transactions:- (5)
- (i) Purchased goods worth Rs.5,000 for cash less 20% trade discount and 5% cash discount.
  - (ii) Withdraw goods from business for personal use Rs. 200.
  - (iii) Received Rs.1980 from Vijay and allowed him Rs. 20 as discount.
  - (iv) Received a first and final dividend of 60paise in a rupee from the official receiver of Mr. Ravi Shankar who owed us Rs. 2,000.
  - (v) Received cash Rs. 6,000 of a bad debt written off last year from Shri Om Prakash.
- Q5 Following is the Trial Balance of Ram Gopal & sons as on 31<sup>st</sup> March 2008, prepare trading and profit and loss account for the year ended 31<sup>st</sup> march 2008 and balance sheet as at that date. (15)

Particulars	Debit (Rs.)	Credit (Rs.)
Capital account	-	1,00,000
Plant & machinery	78,000	-
Furniture	2,000	-
Purchases and sales	60,000	1,27,000
Returns	1,000	750
Opening stock	30,000	-
Discount	425	800
Sundry debtors/creditors	45,000	25,000
Salaries	7,550	-
Manufacturing wages	10,000	-
Carriage outwards	1,200	-
Provision for doubtful debts	-	525
Rent, rates & taxes	10,000	-
Advertisements	2,000	-
Cash	6,900	-
<b>Total</b>	<b>2,54,075</b>	<b>2,54,075</b>

Additional information:

- (a) Closing stock was valued at Rs. 34,220.
- (b) Provision for doubtful debts is to be kept at Rs. 500.
- (c) Depreciate plant and machinery @ 10% p.a.
- (d) The proprietor has taken goods worth Rs. 5,000 for personal use and additionally distributed goods worth Rs. 1000 as samples.
- (e) Purchase of furniture Rs. 920 has been passed through purchases book.

**UNIT-III**

- Q6 What is the meaning of the term 'fund' as used in relation to funds-flow-statement? Mention the main 'sources' and 'application' of funds. Distinguish between a funds flow statement and cash flow statement. **(3+4+8)**
- Q7 From the following information related to XYZ Ltd.; you are required to find out (a) P/V ratio (b) Break-even points in the units (c) Margin of safety (d) Profit (e) volume of sales to earn profit of Rs. 12,000. Total fixed cost-Rs. 6,000, Total variable costs-Rs. 20,000, Total sales-Rs. 32,000 and units sold-4000 units. **(15)**

**UNIT-IV**

- Q8 (a) Distinguish between periodic and perpetual systems of inventory valuation. **(5)**  
 (b) From the following data, calculate the value of inventory on 31<sup>st</sup> Jan, 2008 by (i) LIFO and (ii) FIFO methods. **(10)**

1 <sup>st</sup> Jan. 2008	Opening stock	200 pieces @ Rs. 2 each
4 <sup>th</sup> Jan. 2008	Purchases	100 pieces @ Rs. 2.20 each
10 <sup>th</sup> Jan. 2008	Purchases	150 pieces @ Rs. 2.40 each
20 <sup>th</sup> Jan. 2008	Purchases	180 pieces @ Rs. 2.50 each
2 <sup>nd</sup> Jan. 2008	Issues	150 pieces
7 <sup>th</sup> Jan. 2008	Issues	100 pieces
12 <sup>th</sup> Jan. 2008	Issues	200 pieces

- Q9 Explain the following:- **(5x3=15)**
- (a) Equity share and preference share
  - (b) Explicit and implicit cost
  - (c) Cost of debt
  - (d) Working capital
  - (e) Operating cycle