

DISTANCE EDUCATION
B.C.A. DEGREE EXAMINATION, MAY 2010.
ACCOUNTING FUNDAMENTALS
(2003 onwards)

Time : Three hours

Maximum : 100 marks

Answer any FIVE questions.

All questions carry equal marks.

(5 × 20 = 100)

1. From the following Balance Sheets of prepare common size balance sheets.

Balance sheets					
Liabilities	1991	1992	Assets	1991	1992
	Rs.	Rs.		Rs.	Rs.
Equity share cap	3,00,000	4,00,000	Goodwill	1,15,000	90,000
Pre.shares	1,50,000	1,00,000	L and B	2,00,000	1,70,000
General Reserve	40,000	70,000	Plant	80,000	2,00,000
Profit and Loss	30,000	48,000	Debtors	1,60,000	2,00,000
Proposed dividend	42,000	50,000	Stock	77,000	1,09,000
Creditors	55,000	83,000	B/R	20,000	30,000
Bills payable	20,000	16,000	Cash in hand	15,000	10,000
Prov for Taxation	40,000	50,000	Cash at Bank	10,000	8,000
	6,77,000	8,17,000		6,77,000	8,17,000

2. Following are the ratios to the trading activities of National Traders Ltd.

Debtor's velocity 3 months

Stock velocity 8 months

Creditors velocity 2 months

Gross profit ratio 25%

Gross profit for the year ended 31st Dec. 1998 amounts to Rs. 4,00,000.

Closing stock of the year is Rs. 10,000 above the opening stock.

Bills receivable amount to Rs. 25,000 and bills payable to Rs. 10,000

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Find out :

- (a) Sales
- (b) Sundry debtors
- (c) Closing stock
- (d) Sundry creditors.

3. Mr. Xavier has maintained his books by single entry method. From the following details, calculate profit for the year and a statement of affairs at the end of the year.

Rs. 1,000 (Cost) furniture was sold for Rs. 5,000 on 1.1.2006. 10% depreciation is to be charged on furniture. Mr. Xavier has drawn Rs. 1,000 p.m. Rs. 2,000 was invested as further capital.

	1.1.06	31.12.06
	Rs.	Rs.
Stock	40,000	60,000
Debtors	30,000	40,000
Cash	2,000	1,000
Bank	10,000	5,000
Creditors	15,000	25,000
Outstanding expenses	5,000	8,000
Furniture (cost)	3,000	2,000

Bank balance on 1.1.2006 is as per cash book but the bank overdraft on 31.12.2006 is as per bank statement. Rs. 2,000 cheques drawing in December 2006 have not been encashed within the year.

- 4. (a) What are the differences between cost accounting and financial accounting?
- (b) Enumerate various accounting ratios.
- 5. (a) What are the differences between single entry and double entry system of accounting?
- (b) Discuss the steps involved in the preparation of trial balance.
- 6. From the trial balance taken on 31.12.2006, prepare the trading and profit and loss account for the year ended on 31.12.2006 and a balance sheet as on that date.

Debit balance Rs. Credit balance Rs.

Debit balance	Rs.	Credit balance	Rs.
Drawings	4,800	Capital	50,000
Stock (1.1.06)	30,000	Creditors	15,000
Furniture	13,000	Bank loan	20,000
Printing	1,200	Discount received	1,000
Coal and gas	600	Sales	2,35,300
Freight	3,500	Bills payable	1,750
Purchases	35,000		
Income tax	9,500		
Discount allowed	950		
Repairs	1,000		
Rent	2,500		
Salaries	2,800		
Wages	24,000		
Advertising	19,000		
Plant	70,000		
Office rent	3,600		
General expenses	1,000		
Bills receivables	12,500		
Carriage outwards	1,500		
Insurance	600		
Interest	1,200		
Cash at bank	7,500		
Cash in hand	3,500		
Debtors	33,800		
Stock (31.12.06)	40,000		
	3,23,050		3,23,050

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7. (a) What are the uses of management accounting?
 (b) Explain – Inter firm comparison.
 (c) Limitations of ratio analysis.
8. Explain the accounting concepts and conventions.