

DISTANCE EDUCATION  
B.C.A. DEGREE EXAMINATION, DECEMBER 2011.  
ACCOUNTING FUNDAMENTALS  
(2003 onwards)

Time : Three hours

Maximum : 100 marks

Answer any FIVE questions.  
All questions carry equal marks.

(5 × 20 = 100)

1. Discuss in brief the accounting concepts and conventions.
2. (a) Explain the utility of management accounting. (10)  
(b) Differentiate between financial accounting and cost accounting. (10)
3. (a) State the differences between trial balance and balance sheet. (10)  
(b) What are the limitations of ratios? (10)
4. (a) Describe the procedure to be adopted in the conversions of books maintained by single entry to double entry system. (10)  
(b) Explain the different types of errors. (10)
5. The trial balance of Manoj shows a difference of Rs. 2,370. The errors subsequently traced were as under. Give journal entries to rectify them and prepare suspense account.
  - (a) Cash payment of Rs. 1,150 to Ram was posted to his credit at Rs. 500
  - (b) Cash receipts of Rs. 2,840 from Dinesh was posted to the debits of his account.
  - (c) Rent of Rs. 1,000 received from Kamal was credited both to Rent account and Kamal's account.
  - (d) Cash payment of Rs. 1,200 to Jagan was posted to his credit from the cash book.
  - (e) Sales book item of Rs. 3,810 was posted to debit of Jignesh as Rs. 810.
6. From the following trial balance of Rajesh, prepare trading and profit and loss account for the year ended 31st December 2009 and a balance sheet as on that date.

Particulars	Trial balance	
	Debit Rs.	Credit Rs.
Capital	–	80,000
Sales	–	50,000
Purchases	30,000	–
Salaries	4,000	–
Rent	3,000	–
Insurance	600	–
Drawings	10,000	–
Machinery	56,000	–
Bank balance	9,000	–
Cash	4,000	–
Stock 1.1.2009	10,400	–
Debtors	5,000	–
Creditors	–	2,000
	1,32,000	1,32,000

Adjustment required :

- (a) Stock on 31.12.2009 – Rs. 9,800
  - (b) Salaries unpaid – Rs. 600
  - (c) Rent paid in advance – Rs. 400
  - (d) Insurance prepaid – Rs. 180
7. From the following information, find out :
    - (a) Sales
    - (b) Closing stock
    - (c) Sundry debtors

(d) Sundry creditors

Gross profit ratio 25%

Debtors turnover ratio 4 months

Stock turnover ratio 4 times

Creditors turnover ratio 6 months

Closing stock is Rs. 10,000 more than the opening stock

Bills receivable amount to Rs. 65,000 and Bills payable to Rs. 80,000. Cost of goods sold for the year is Rs. 9,00,000.

8. From the following balance sheet, prepare a common-size balance sheet.

	2008	2009
	Rs.	Rs.
Assets :		
Cash	27,000	31,500
Debtors	2,20,000	2,11,000
Stock	1,00,000	1,26,000
Prepaid expenses	11,000	21,000
Bills receivables	10,000	10,500
Fixed assets	6,35,000	6,50,000
	<u>10,03,000</u>	<u>10,50,000</u>
Liabilities and Capital :		
Share capital	6,58,000	7,00,000
Long-term debt	2,25,000	2,00,000
Sundry creditors	42,000	50,000
Other liabilities	78,000	1,00,000
	<u>10,03,000</u>	<u>10,50,000</u>