

DE-7044**15**

DISTANCE EDUCATION

B.C.A. DEGREE EXAMINATION, DECEMBER 2009.

ACCOUNTING FUNDAMENTALS

(2003 onwards)

Time : Three hours

Maximum : 100 marks

Answer any FIVE questions.

All questions carry equal marks.

(5 × 20 = 100)

1. The following figures relate to the trading activities of Hindu Traders Limited for the year ended 30th June, 1994

Sales	5,20,000
Purchases	3,22,250
Opening Stock	76,250
Closing Stock	98,500
Sales returns	20,000
Selling and Distribution expenses :	
Salaries	15,300
Advertising	4,700
Travelling	2,000
Administrative expenses :	
Salaries	27,000
Rent	2,700
Stationery, Postage etc.	2,500
Depreciation	9,300
Other Charges	16,500
Provision for Taxation	40,000
Non-operating Income :	
Dividend on Shares	9000

Profit on Sales of Shares	3,000
Non-operating expenses:	
Loss on Sale of Assets	4,000

You are required to

- (a) Arrange the above figures in a form suitable for analysis, and
- (b) Show separately the following ratios :
 - (i) Gross Profit Ratio;
 - (ii) Operating Ratio;
 - (iii) Operating Profit Ratio;
 - (iv) Net Profit Ratio.

2. The following figures are extracted from the Balance sheet of X Ltd as on 31st Dec .

	1992	1993
	Rs.	Rs.
Stock	25,000	40,000
Debtors	10,000	16,000
Cash at Bank	5,000	4,000
Creditors	8,000	15,000
Bills Payable	2,000	3,000
Bank Overdraft	5,000	15,000

Calculate the Current Ratio and Acid Test Ratio for the two years.

3. Following balances are extracted from the books of Joseph who keeps incomplete records of his transactions.

	1 st Jan. 2006 (Rs.)	31.12.2006 (Rs.)
Stock	2,400	3,000
Debtors	4,000	3,200
Creditors	1,700	3,900
Cash in hand	2,000	3,800
Bank overdraft	2,400	-
Furniture and fixtures	800	1,000
Motor bike	9,500	9,500
Bills receivable	2,000	4,300

Drawing during the year amounted to Rs. 2,800. Depreciate furniture and fittings @ 5% and right off Rs. 500 on motor bike. Rs. 100 is irrecoverable and a further provision of 5% for doubtful debts are to be provided. Further provision of Rs. 200 in respect of bills are also to be provided.

Ascertain the profit or loss for the year ended 31.12.2006 and prepare a statement of affairs as on that date.

4. Discuss the differences between cost accounting and financial accounting.
5. Discuss various steps involved in the preparation of final accounts of the business firm.
6. From the following data, prepare the trading and profit and loss account for the year ended on 31-12-2005 and a balance sheet as on that date.

Land and	Plant	35,000
Buildings	47,000 Patents	12,000
Cash	2,300 Furniture	4,700
Debtors	3,800 Travelling	
Sales	94,500 expenses	8,500
Bills receivables	1,200 Salesman	
Purchases	16,800 Commission	1,300
Wages	23,900 Carriage inwards	400
Creditors	5,200 Packing	600
Salaries	16,500 Advertising	1,800
Sales returns	400 Bank	5,600
Loss by fire	500 Loans	42,400
Discount	Trucks	18,500
received	200 Capital	65,000
Opening stock	6,500	

Adjustments:

Provide for 15% depreciation on plant.

Write off patents by one third.

An amount of Rs.850 was due to workers.

An over payment of Rs. 200 was made to the salesman towards commission.

The insurance company agreed to meet the losses on fire totally.

Closing stock was valued at Rs. 3700.

7. Explain the following
 - (a) Uses of financial accounting
 - (b) Statement of affairs

- (c) Accounting standards
 - (d) Double entry system of accounting.
8. Discuss various types of errors in accounting and explain how these errors can be rectified.
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