

DISTANCE EDUCATION

B.C.A. DEGREE EXAMINATION, MAY 2011.

ACCOUNTING FUNDAMENTALS

(2003 onwards)

Time : Three hours

Maximum : 100 marks

Answer any FIVE questions.

All questions carry equal marks.

(5 × 20 = 100)

1. Explain the meaning and significance of the following :
 - (a) The Going concern concept (4)
 - (b) The Money measurement concept (4)
 - (c) The Accounting period concept (4)
 - (d) The Cost concept (4)
 - (e) The Match concept (4)
2. (a) Distinguish between cost accounting and management accounting. (10)
(b) What are accounting ratios? State their importance.
(4 + 6)
3. (a) Explain the errors which are disclosed by the trial balance.
(10)
(b) What is a balance sheet? Why is it prepared? Give a specimen balance sheet.
(3 + 3 + 4)
4. (a) How will you calculate profit under the single entry method of maintaining accounts? (10)
(b) Explain the objectives of accounting. (10)
5. The following are the balances extracted from the books of Murali as on 31.12.2009. Prepare Trading and profit and loss account for the year ending 31.12.2009 and a balance sheet as on that date :

Trial Balance as on 31.12.2009

Debit Balance	Rs.	Credit Balance	Rs.
Drawings	8,000	Capital	40,000
Cash at bank	3,400	Sales	32,000
Cash in hand	13,000	Sundry creditors	9,000
Wages	2,000		
Purchases	4,000		
Stock 1.1.2009	12,000		
Buildings	20,000		
Sundry debtors	8,800		
Bills receivable	5,800		
Rent	900		
Commission	500		
General expenses	1,600		
Furniture	1,000		
	<u>81,000</u>		<u>81,000</u>

The following adjustments are to be made :

- (a) Stock on 31.12.2009 was Rs. 8,000
 - (b) Interest on capital at 6% to be provided
 - (c) Interest on drawings at 5% to be provided
 - (d) Wages yet to be paid Rs. 200
 - (e) Rent prepaid Rs. 100.
6. A business which keeps its books on single entry, provides its position on 31.12.2008 and 31.12.2009 are as follows :

	31.12.2008	31.12.2009
	Rs.	Rs.
Sundry debtors	68,000	88,400
Sundry creditors	69,700	52,700
Cash in hand	6,800	8,160
Cash at bank	1,02,000	42,500
Stock	1,10,500	85,000
Furniture	5,100	5,950

The proprietor withdraws Rs. 1,27,500 from the business out of which he spent Rs. 88,400 for purchase of a truck for the business.

Depreciation on furniture (closing balance) and truck at 10%

Bad debts are to be written off at Rs. 3,740

Provision for bad debts is required at 5%

Find out the profit or loss for the year 2009. (20)

7. Enter the following transactions of Mr. Murali in the cash book with cash and bank columns for the month of September 2009.

2009	Rs.
September 1 Cash balance	14,400
Bank balance	86,000
September 4 Received from Sampath by cheque on account	13,000
9 Kumar paid for sale of goods in cash	6,800
10 Withdrawn for household expenses	2,400
15 Balu was paid for machinery by cheque	26,000
17 Withdrawn from bank	19,200
24 Goods purchased for in cash	4,800
and by cheque	11,600
27 Received from Rajan for goods sold	10,000
28 Deposited cash into Bank	28,000
30 Paid staff salaries by cheque	17,000
30 Paid office rent in cash	4,000

8. From the following information, prepare a balance sheet with as many details as possible :
- (a) Current Ratio 2.5
 - (b) Liquid Ratio 1.5
 - (c) Proprietary ratio 0.75
(Fixed Assets/Proprietor's fund)
 - (d) Working capital Rs. 60,000
 - (e) Reserves and Surplus Rs. 40,000
 - (f) Bank overdrafts Rs. 10,000
 - (g) There is no long-term loan on fictitious assets.
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