

(Please write your Exam Roll No.)

Exam Roll No. ....

# END TERM EXAMINATION

THIRD SEMESTER [BCA] DECEMBER 2013

Paper Code: BCA-207

Subject: Principles of Accounting

Time : 3 Hours

Maximum Marks: 75

Note: Attempt any five question, including Q.no.1 which is compulsory.  
Calculator is allowed.

- Q1. State, giving reasons in brief, whether each of the following statement is 'true' or 'false'. [1.5x10=15]
- The adoption of FIFO method results in a profit inflation during period of rising prices.
  - Accounting and book-keeping are two terms that have the same meaning.
  - The materiality convention emphasise that: "Anticipate no profits but provide for all losses."
  - Lower of cost or market value rule should be used only in the valuation of fixed assets.
  - In india , accounting standards are issued by Securities and Exchanges Board of India(SEBI).
  - Outstanding rent account is a personal account.
  - Posting means transfer of the accounts in the journal proper to the ledger.
  - A contra entry is made in the cash book when the owner introduces additional capital.
  - The trial balance is prepared primarily to check the arithmetical accuracy of the double entry.
  - Profit and loss Account shows the financial position of the concern.
- Q2. Journalise the following entries [1.5x10=15]
- Paid to Mohan Rs.9,500 in full settlement of his account of Rs. 1,000.
  - Sohan is declared insolvent. Received from his Official Receiver a first and final dividend of 60 paise in the the rupee on a debt of Rs.1,000.
  - Received cash for a bad debt written off last year Rs.700.
  - Withdrawn goods for personal use(cost Rs.500, Sales Price Rs.700)
  - Bought goods at the list price of Rs.25,000 from Mohan less 20% trade discount and 2% cash discount and paid 40% by cheque.
  - Rs.200 due from Hari are bad debts.
  - Goods worth Rs.500 given as charity.
  - Goods sold to James for Rs.10,000 allowing him a trade discount of 5% and cash discount of 10%. He paid 1/4<sup>th</sup> of the amount on the spot in cash.
  - Goods uninsured worth of Rs. 3,000 were destroyed by fire.
  - A cheque amounting to Rs.5,000 deposited in the bank was returned dishonoured.
- Q3. (a) What do you understand by Double Entry System? Explain with the help of an example. [5x3]
- (b) Distinguish between real, nominal accounts.
- (c) What is journal proper? What are the various entries passed through it?
- Q4. Write up the following transactions in a cash book with cash and bank columns. [15]
- March 2013
- Balance in hand Rs.100 and overdraft at bank Rs. 20,000
  - Received cash from Rajesh for goods sold in last month Rs. 1,000
  - Sold goods for cash Rs.19,000.
  - Received two cheques from Yogesh each of Rs. 5,000. One is crossed while the other is bearer. Crossed cheque is deposited into bank.
  - Bearer cheque received from Yogesh is endorsed to Tarun in full settlement of Rs.5050.
  - Settled Suresh's account of Rs.2025 by a cheque of Rs.2000.
  - The crossed cheque of Yogesh is returned as dishonoured by the bank. The bank has debited our account with Rs.5 as bank charges on this cheque.
  - Drew from the bank for personal expenses Rs.200 and for office use.
  - Banked all cash, keeping a balance of Rs.100 only in hand.

Q5. The following Trial Balance is extracted from the books of Nikesh as on 31<sup>st</sup> March, 2013

	Amount(Rs)		[15]
Debit Balance		Credit Balance	Amount(Rs)
Stock(1.4.2012)	50,000	Capital	3,20,000
Furniture	16,000	Creditors	80,000
Building	1,60,000	Purchases Return	2,000
Debtors	60,000	Commission	1,000
Drawing	20,000	Sales	4,55,600
Plant & Machinery	1,20,000	Bad Debts Recovered	1,400
Addition to Plant & Machinery(1 <sup>st</sup> Oct.2012)	20,000		
Wages	24,000		
Salaries	40,000		
Bad Debts	2,000		
Purchases	2,40,000		
Electric Charge	2,400		
Telephone Charges	4,800		
General Expense	6,000		
Postage and Telegram	3,600		
Sales Return	1,800		
Insurance Premium	3,000		
Cash at Bank	86,400		
	<b>8,60,000</b>		<b>8,60,000</b>

Prepare a Trading Account and Profit and Loss Account for the year ending 31<sup>st</sup> March, 2013 and a balance sheet as on that date after taking into account the following adjustments:

1. Stock on 31<sup>st</sup> March, 2013 Rs 14,000.
2. Outstanding wages Rs 1,200 and salaries Rs. 2,800.
3. Depreciation @5% pa is to be provided on all fixed assets(Furniture, Building, Plant & Machinery)
4. Write off bad-debt Rs 1,500.
5. Insurance premium paid in advance Rs. 400
6. Accrued commission Rs 500.

Q6. ABC Ltd purchased on 1<sup>st</sup> April, 2006 a small plant for Rs 1,00,000. On 1 October, 2006 an additional plant was purchased costing Rs. 50,000. On 1 October, 2007 the plant purchased on 1<sup>st</sup> April, 2006 having become obsolete, was sold for Rs. 40,000. Depreciation is provided @10% pa on the original cost on 31<sup>st</sup> March every year. Show the machinery, machinery disposal and provision for depreciation account for the year 2006-07 and 2007-08. [15]

Q7. Prepare store ledger account for the month of January 2013 under the (i) LIFO method (ii) FIFO method (iii) Weighted Average method [5x3]

2013      **Receipt**

Jan 1,      Balance 50 units @Rs 4 per unit.

Jan 5,      Purchase Order No. 10, 40 units @Rs 3 per unit

Jan 8,      Purchase Order No.11, 30 units @Rs 4 per unit

Jan 15,      Purchase Order No. 12, 20 units @Rs 5 per unit

Jan 25      Purchase Order No. 13, 40 units @Rs 3 per unit.

**Issues**

Jan 10.      Material Requisition No. 4 , 70 units

Jan 12.      Material Requisition No. 5 , 10 units

Jan 20.      Material Requisition No. 6 , 20 units

Jan 24.      Material Requisition No. 7 , 10 units

Jan 27.      Shortage , 5 units

- 8(a) What is meant by depreciation and distinguish between SLM and WDV method of depreciation.  
 (b). What is capital expenditure and revenue expenditure. Write three difference between them.  
 (c) Explain the FIFO and LIFO methods of valuation of materials issues and distinguish between them. [5x3]

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