

Time : Three hours

Maximum : 75 marks

SECTION A — (10 × 2 = 20 marks)

Answer any TEN questions.

1. Define nominal account.
2. Define objectivity concept.
3. What do you mean by intangible assets?
4. What is error of principle?
5. State diminishing balance method.
6. State two limitations of accounting.
7. What is conversion method?
8. Define cash discount.
9. Pass adjustment entries :
 - (a) Premium towards the LIC and advance income tax amounting Rs. 6,000 and Rs. 15,000, respectively.
 - (b) Depreciation on machinery Rs. 8,000 and on building Rs. 12,000.

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10. Give correct rectification entry :
 - (a) Repairing cost of a building Rs. 500 has been charged to building account.
 - (b) Credit sales of Rs. 2,000 to Chander have been posted to the debit of miscellaneous expenses account.

11. X company purchased for Rs. 1,50,000 on 1.1.2006. The life of the machinery estimated as 10 years. Scrap value at the end of that time as Rs. 10,000. It was decided to write off depreciation by equal annual instalments. Prepare amount of depreciation.

12. You are required to determine the amount of total sales : opening stock Rs. 8,000, purchases Rs. 40,000, closing stock Rs. 7,000. Gross profit on sale = 1/6

SECTION B — (5 × 5 = 25 marks)

Answer any FIVE questions.

13. What are the characteristics of single entry system?
14. Narrate the kinds of cash book.
15. What are the items appear on the liability side of a balance sheet?

16. The machinery account of a factory showed a balance of Rs. 3,80,000 on 1.1.2006. The accounts are closed every year on 31st December. Depreciation is written off @ 10% p.a. on diminishing balance. Show the machinery account for 3 years.

17. From the following particulars, prepare a two columnar cash book.

	Rs.
July 1 Cash in hand	8,500
4 Goods purchased for cash	2,500
10 Wages paid in cash	3,500
15 Cash drawn from bank for official purpose	4,000
17 Cash paid to Rajesh	2,450
Discount allowed	50
20 Cash received from Nathan	4,400
Discount allowed	100
28 Amount deposited into bank	3,500

18. From the following particulars, prepare a bank reconciliation statement as on 31.12.2009.

- (a) Bank balance as per cash book (credit) Rs. 7,520
- (b) Cheques issued, but not presented Rs. 3,350
- (c) Cheques deposited but not credited by bank Rs. 12,400
- (d) Credit side of the cash book was under cast by Rs. 200

19. You are required to prepare the trading, profit and loss account for the year ended 31.12.2008; stock (1.1.2008) Rs. 95,280; purchases Rs. 2,62,590 ; wages Rs. 45,970; sales returns Rs. 8,780; salaries Rs. 16,000; bad debts Rs. 8,620; insurance Rs. 6,400; sales Rs. 3,62,030; commission received Rs. 10,640; purchase returns Rs. 13,360.

SECTION C — (3 × 10 = 30 marks)

Answer any THREE questions.

20. Discuss the advantages of trading account.
21. Describe the errors of principle and error of commission with suitable example.
22. Enumerate the causes and objectives of depreciation in accounting.
23. Prepare ledger account from the following :

	Rs.
Apr. 1 Started business with cash	45,000
2 Paid into bank	25,000
3 Goods purchased for cash	15,000
5 Furniture purchased and paid by cheque	5,000
10 Goods purchased from X	7,000

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[P.T.O.]

2010		Rs.
15	Goods returned to X	100
20	Goods sold to Aravind	6,000
22	Cash received from Aravind	2,000
28	Cash paid to X	5,000

The drawings during the year amounted to Rs. 2,400, depreciate furniture by 10% p.a. Rs. 600 irrecoverable from debtors. Provide 5% reserve for doubtful debts and a reserve of Rs. 200 in respect of bills receivable.

24. From the given details, you are required to ascertain profit and loss for the year ended 30th June, 2005 and also prepare statement of affairs on that date.

	1.7.2004	30.6.2005
	Rs.	Rs.
Stock	16,700	18,100
Sundry creditors	16,400	16,200
Sundry debtors	11,200	10,600
Cash in hand	250	1,400
Bank overdraft	19,200	-
Bills receivable	16,000	5,000
Furniture	1,500	1,500
Scöoter	1,900	-
Bank balance	-	2,900
Capital	12,950	23,300

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