END TERM EXAMINATION

THIRD SEMESTER [BCA] NOV.-DEC. 2018

Paper Code: BCA-207	Subject: *Principles of Accounting*
Time : 3 Hours	Maximum Marks :75

**Note: Attempt any five questions including Q.no.1 which is compulsory.
Select one question from each unit.**

Q1 Attempt **any three** parts: (3x5=15)
- (a)   Explain the relationship of accounting with other allied disciplines.
- (b)   Explain the reasons for changing depreciation as an expense.
- (c)   Why do we create for provision for bad debts in books of amount? State its relevance.
- (d)   Distinguish between LIFO & FIFO. Which method is better under the state of rising prices and why?
- (e)   What are Accounting Standards? Why are these issued?

UNIT-I

Q2 What is accounting? What is the importance of accounting records and information for its stakeholders?   (15)

OR

Q3 Explain the following with the help of examples:-
- (a)   Business Entity Concept
- (b)   Convention of Prudence
- (c)   Matching concept
- (d)   Dual Entity concept
- (e)   Accrual concept   (3x5=15)

UNIT-II

Q4 Reward the following adjustments in the books of accounts-
- (a)   Loss of goods by fire Rs. 8,000
- (b)   Pilferage loss Rs. 4,000.
- (c)   Bad debts Rs. 5,000
- (d)   Outstanding expenses Rs. 3,000
- (e)   Remuneration of manager Rs. 20,000 not reward in books.
- (f)   Sales Rs. 20,000 is on approval basis.   (2.5x6=15)

OR

Q5 Distinguish between the following:-
- (a)   Cash Book and Petty cash book
- (b)   Journal and journal proper
- (c)   Straight line method and written down value method of changing depreciation.
- (d)   Trading and profit and loss account
- (e)   Provision and Reserve
- (f)   Capital expenditure and revenue expenditure.   (2.5x6=15)

UNIT-III

Q6 From the following data prepare the Trading, Profit and Loss Account and Balance Sheet for the year ending on 31ˢᵗ Dec. 2017

Trial Balance of M/s Kumar Bros. for the year ending on 31ˢᵗ Dec. 2017

P.T.O.

P 1/2

Particulars	Debit Amount (Rs.)	Credit Amount (Rs.)
Tax payable		90,000
Net sales		9,30,000
Net purchases	3,20,000	
Stock	30,000	
Salaries and wages	1,80,000	
Rent and Rates	1,40,000	
Water and Electricity	21,000	
Trade creditors		1,19,600
Trade Debtors	3,21,000	
Insurance	51,000	
Cash in hand	20,000	
Cash at Bank	1,34,000	
Plant and machinery	4,20,000	
Furniture and Fittings	97,600	
Capital		7,00,000
Drawings	15,000	
Fixed Deposit with Bank	3,00,000	
Bank Loan		1,70,000
Provision for dep. Plant and machinery		30,000
Provision for dep.- furniture and fittings		10,000
Total	20,49,600	20,49,600

Additional Information:
(a) Closing stock amounted to Rs. 70,000.
(b) Provision for depreciation is to be made for the current year:
 - Plant and machinery @ 10% on Book value.
 - Furniture and fittings @ 8% on book value.
(c) Outstanding expenses: Wages   Rs. 8,000
                      Water and Electricity   Rs. 3,000
(d) Prepaid expenses: Rent and Rates: Rs. 14,000
                          Insurance   Rs. 25,000
(e) Accrued Income: Accrued interest upto and including 31st Dec. 2017 is Rs. 13,000.
(f) Provide for doubtful debts: 4% of total debtors.   (15)

OR

Q7 What is inventory? What are its different forms? What is the rationale for valuation of inventory? Which method do you think is better for evaluation amongst numerous methods of inventory valuation?   (15)

UNIT-IV

Q8 On 1st July, 2013 a company purchased a machine for Rs. 3,90,000 and spent Rs. 10,000 on its installation. It decided to provide depreciation @ 15% per annum, using written down value method. On 30th November, 2016 the machine was dismantled at a cost of Rs. 5,000 and then sold for Rs. 1,00,000.
On Ist December, 2016 the company acquired and put into operation a new machine at a total cost of Rs. 7,60,000. Depreciation was provided on the same basis as had been used in case of earlier machine. The company closes its books of account every year on 31st March.
Prepare Machinery amount and depreciation account for the four accounting years ended 31st March, 2017.   (15)

OR

Q9 (a) What are the limitations of final accounts of a firm along with their importance. Explain clearly.
(b) What is perpetual inventory system? How is it different from periodic inventory system? Which one you consider is better and why?   (15)

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