

**BCA 1<sup>st</sup> Semester (Honours) Examination, 2021**  
**Subject: Principles of Accounting**  
**Paper: BCA-104**

**Time: 4 Hours**

**Full Marks: 80**

The figures in the margin indicate full marks

Candidates are required to give their answers in their own words as far as practicable.

**SECTION- A**

Answer *any six* questions:

**[6X5 = 30]**

1. Briefly discuss the objectives of accounting.
2. Distinguish between personal account and nominal account with examples.
3. What is depreciation? Why is it necessary to charge depreciation? Explain.
4. From the following ledger account balances, prepare a Trial Balance of Mr. Z for the year ended 31st March, 2021.

	Rs.		Rs.
Purchases	1,04,000	Drawings	7,950
Sundry debtors	18,550	Sundry creditors	8,300
Premises	62,000	Return inward	5,360
Sales	1,49,000	Furniture	15,600
Return outward	8,900	Cash in hand	390
Rates and taxes	780	Capital	85,000
Cash at bank	1,560	Factory wages	5,830
Carriage inwards	650	Carriage outward	260
Salaries	3,900	Rent received	2,990
Stock, 1 <sup>st</sup> April	25,000	insurance	2,100
Bad debts	260		

5. Classify the following into current assets, tangible fixed assets, intangible fixed assets, current liabilities and long-term liabilities :
  - (i) Short term provisions
  - (ii) Fixtures and fittings
  - (iii) Prepaid insurance premium
  - (iv) Bank overdraft
  - (v) Loan on mortgage
  - (vi) Patents and trade marks
  - (vii) Bills payable
  - (viii) Outstanding wages
  - (ix) Cash and cash equivalents
  - (x) Accrued interest income
6. Discuss the classification of cost by functions (or activities).

7. A company sells a product at Rs. 20 per unit. Variable costs are Rs. 12 per unit and fixed cost is Rs. 32,000 for a year. Assuming 10,000 units are to be sold in the coming year, you are required to compute the total contribution earned, the P/V ratio and the profit for the coming year.
8. State whether in each of the following a debit or credit is involved:
- (i) Increase in cash
  - (ii) Decrease in plant or machinery
  - (iii) Increase in capital
  - (iv) Increase in creditors
  - (v) Increase in bills receivable
  - (vi) Decrease in salary expenses
  - (vii) Decrease in rental income
  - (viii) Increase in equipment
  - (ix) Decrease in debtors
  - (x) Increase in sales revenue

**SECTION-B:**

Answer *any five* questions

**[5X10 = 50]**

**Question 1:**

**[10]**

From the following balances appearing in the books of Mr. X, prepare the Profit and Loss Account and a Balance Sheet as on 31<sup>st</sup> March 2021.

	Rs.
Stock, 31 <sup>st</sup> March 2021	6310
Discount allowed	1680
Discount received	1100
Cash in hand	150
Cash at bank	7270
Freehold premises	20000
Loan (mortgaged on freehold premises)	8000
Office furniture and fittings	3320
Depreciation on office furniture and fittings	170
Capital, 1 <sup>st</sup> April 2020	25500
Interest on mortgage loan	220
Interest due on mortgage loan	110
Wages and salaries	3050
Office expenses	1000
Lighting and heating	320
Rates and taxes	700
Rates prepaid	100
Carriage outwards	520
Trading account (credit balance)	8330
Sundry debtors	5540
Sundry creditors	7310

**Question 2:****[5+5]**

- (i) On 1<sup>st</sup> April 2018, a company purchased a second-hand machinery for Rs. 37000 and immediately spent Rs. 3000 on its erection. On 1<sup>st</sup> October 2019, it purchased another machine for Rs. 10000 and on 1<sup>st</sup> October 2020, it sold off the first machine for Rs. 28000 and bought another for Rs. 25000. Depreciation is provided on the machinery @ 15% p.a. on the written down value method. Show the Machinery Account for the year ended 31<sup>st</sup> March 2019 to 31<sup>st</sup> March 2021.
- (ii) The following is the record of receipts and issue of certain material in a factory:

Purchases:			
2021	January 4 <sup>th</sup>	500 kg	@ Rs. 25 per kg
	January 6 <sup>th</sup>	1200 kg	@ Rs. 24 per kg
	January 15 <sup>th</sup>	1800 kg	@ Rs. 23 per kg
Issues:			
2021	January 5 <sup>th</sup>	500 kg	
	January 20 <sup>th</sup>	800 kg	
	January 25 <sup>th</sup>	1500 kg	

The stock on January 1<sup>st</sup>, was 100 kg @ Rs. 26 per kg. On 22<sup>nd</sup> January, stock verification revealed a shortage of 60 kg. Show the stores ledger by adopting the FIFO method.

**Question 3:****[10]**

The following data is related to a manufacturing house for the month of April, 2021:

Opening stock of finished goods (10,000 units)	Rs. 90,000
Direct labour	Rs. 2,10,000
Purchase of raw materials	Rs. 5,14,200
Factory overhead	100% of direct labour
Administrative expenses	Re. 1 per unit
Selling and distribution overhead	20% of sales
Closing stock of finished goods (20,000 units)	?
Sales (90,000 units)	Rs. 13,20,000

You are required to prepare a Cost Sheet for the month of April, 2021 and ascertain the profit or loss for the period, assuming that sales are made on the principle of "First-in-First-out".

**Question 4:** [10]

Record the following transactions in a double column cash book at the end of the month:

2021, May		Rs.
1	Cash in hand	3500
	Cash at bank	2100
4	Loan advanced by bank	10000
7	Cash drawn from bank and salary paid to employees	2500
10	Cheque received from Mr. A	300
11	Paid by cheque the amount due to Mr. P	700
12	Mr. A's cheque deposited into bank	-
18	Cash purchases	3000
20	Received from cash sales	600
21	Cheque received from XYZ & Co. and deposited the same into bank	900
26	Cheque received from Mr. Z and encashed the same over the bank counter	500
27	Cash drawn from bank	1200
30	Expenses incurred for proprietor from business cash	400

**Question 5:** [5+5]

- (i) Differentiate between Standard Costing and Budgetary Control.
- (ii) From the following particulars calculate: (a) Material cost variance, (b) Material usage variance, and (c) Material price variance:

Quantity of material purchased	3000 units
Value of materials purchased	Rs. 9000
Opening stock of materials	Nil
Closing stock of materials	500 units
Standard quantity of materials required per ton of finished product	25 units
Standard rate of material	Rs. 2 per unit
Finished production during the period	80 tons

**Question 6:** [5+5]

- (i) Distinguish between Absorption costing and Marginal costing.
- (ii) Write short notes on:
  - (a) P/V ratio
  - (b) Angle of Incidence

**Question 7:** [5+5]

- (i) Discuss the objectives of Budgetary Control.
- (ii) Write a short note on Labour efficiency variance.