

2005 CENTRE FOR DEVELOPMENT OF ADVANCED COMPUTING(C-DAC) M.C.A

**END-TERM EXAMINATION
FIRST SEMESTER [MCA] - DECEMBER 2005
FINANCIAL ACCOUNTING**

**Paper Code: MCA-109
(Batch – 2004 & 2005)**

**Time: 3 Hours
Marks: 60**

Q. 1. (a) Distinguish between the following:-

- (i) Cash Discount and Trade Discount
- (ii) Joint Venture and Partnership

(b) Explain the following:-

- (i) Contingent Liabilities
- (ii) Finance Lease
- (iii) Account Current
- (iv) Self Balancing Ledger
- (v) Objectives of providing Ledger
- (vi) Matching of cost and revenue.

Q. 2. What do you mean by 'normal loss' and 'abnormal loss' in consignment? How are they treated in the books of account for consignor?

Q. 3. What do you understand by 'bank reconciliation statement'? Explain its utility as a control tool.

Q. 4. Elucidate (clarify) the following statement:-

- (a) "Agreement of trial balance is not a conclusive proof of accuracy of accounting records".
- (b) "Accounting equation holds good under all circumstances".
- (c) "Single entry system of book-keeping is an unscientific incomplete and defective system".
- (d) "Revenue earned and cost of earning revenue should be properly identified for a period.

Q. 5. What is diminishing balance method of depreciation? Describe its advantages and disadvantages.

Q. 6. (a) What do you understand by the following:-

- (i) Profitability Ratio
 - (ii) Turnover Ratio
 - (iii) Financial Ratio
- (b) What are the advantages and limitations of Ratio Analysis?

Q. 7. Under which major head will you classify the following item while preparing the

balance sheet of the company?

- (a) Debenture
- (b) Capital Reserve Account
- (c) Public Deposits
- (d) Forfeited Shares Account
- (e) Sundry Creditors
- (f) Advances received from customer
- (g) Bills receivables
- (h) Preliminary Expenses
- (i) Goodwill
- (j) Share Premium

Q. 8. Suman Company has the following Inventory, Purchase and sales data for August :-

Inventory August 1 100 Units @ Rs. 5

Purchase August 5 600Units @ Rs. 6

August 11 300 Units @ Rs. 8

August 23 400 Units @ Rs. 9

Sales August 9 400 Units

August 18 500 Units

August 28 200 Units

The physical inventory count on August 31 shows 300 units in hand. Compute the cost of inventory on hand on 31 August and cost of goods sold for August under each of the following methods:-

First In First Out

Last In First Out

Q. 9. (a) What characteristics should an asset possess to be classified as inventory?

(b) Under what circumstances will you treat interest charges as product cost?

(c) Why the Inventory costing method is needed?