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MCA  
MCC 105

First Semester Examination – 2008

FINANCIAL ACCOUNTING

Full Marks – 70

Time : 3 Hours

Answer Question No. 1 which is compulsory  
and any five from the rest.

Figures in the right hand margin indicate marks.

1. Answer the following questions : 2×10
- (a) What is the main purpose of Accounting?
  - (b) What do you mean by conceptual framework of accounting ?
  - (c) What is double-entry system ?
  - (d) What is the implication of debiting an asset ?

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- (e) What do you mean by "Running Balance Form of Ledger Account" ?
  - (f) Why subsidiary books are called "Books of Prime Entry" ?
  - (g) What is the objective of preparing a Trial Balance ?
  - (h) State the meaning of a preference share.
  - (i) What do you mean by current liabilities?
  - (j) What is the difference between subscribed capital and issued capital ?
2. (a) List the various accounting activities of a business organisation. 5
- (b) Explain the mechanism of accounting equation with suitable examples. 5
3. (a) Name the different parties interested in accounting information and state why they want it. 5
- (b) State in brief the rules of debit and credit.
4. (a) Explain the recording of the following transactions in the journal and ledger : 5

- (i) Machinery purchased for Rs. 50,000 and carriage paid on machinery Rs. 3,000.
  - (ii) Borrowed Rs. 5,00,000 from O.S.F.C.
- (b) What are the needs for sub-division of journal ? How is journal sub-divided ? 5
5. (a) Differentiate between Capital and Revenue Expenditure. 5
- (b) Explain the objectives of charging depreciation. 5
6. (a) What is the objective of preparing a Trading Account ? Explain a Trading Account with imaginary figures. 5
- (b) Explain the accounting treatment of the following additional information on the final accounts of a business organisation : 5
- (i) Closing stock is valued at Rs. 12,000.
  - (ii) Salaries for the last month of the accounting period has not been paid Rs. 7,54,000.

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(iii) Insurance premium for the machinery paid in advance Rs. 6,000.

(iv) Income from Government Bonds receivable Rs. 10,000.

7. (a) Explain the merits and limitations of Equity Share Capital. 5
- (b) Discuss the important items of the vertical format of balance sheet. 5
8. (a) Explain the journal entries for the issue of shares at a premium and at a discount. 5
- (b) Explain the vertical format of an income statement. 5

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