

Total number of printed pages – 4

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.

105

(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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