

PGDCAA-02
December – Examination 2021
PGDCAA Examination
Fundamental of Accounting
Paper : PGDCAA-02

Time : 1½ Hours] [Maximum Marks : 100

Note :- The question paper is divided into two Sections A and B. Write answers as per the given instructions.

Section-A **5×4=20**

(Very Short Answer Type Questions)

Note :- Answer any *five* questions. As per the nature of the question delimit your answer in one word, one sentence or maximum up to **30** words. Each question carries 4 marks.

1. (i) What do you mean by Accounting Standard ?
- (ii) Write any *two* Accounting Equations.

- (iii) What is meant by contra entry ?
- (iv) What is meant by Bills Payable ?
- (v) What is a petty cash book ?
- (vi) What is accounting error ?
- (vii) What do you mean by unearned income ?
- (viii) What do you mean by concept of consistency ?
- (ix) What is Bad-debts ?
- (x) Write any *two* importance of cash flow statement.

Section-B **4×20=80**

(Short Answer Type Questions)

Note :- Answer any *four* questions. Each answer should not exceed **200** words. Each question carries 20 marks.

2. From the Trial Balance of 31.3.2001 and additional information given, prepare Trading and Profit & Loss Account and Balance Sheet as on 31.03.2001 :

| Particulars | Dr. (Amount) Rs. | Cr. (Amount) Rs. |
|------------------------|------------------------|------------------------|
| Capital | — | 4,00,000 |
| Drawings | 50,000 | — |
| Opening Stock | 75,000 | — |
| Purchases | 4,20,000 | — |
| Sundry Creditors | — | 75,000 |
| Sundry Debtors | 1,20,000 | — |
| Sales | — | 8,10,000 |
| Discounts | 16,000 | 18,000 |
| Commissions | 12,000 | 14,000 |
| Returns | 16,000 | 20,000 |
| Salaries | 1,20,000 | — |
| Rent, Rates and Taxes | 40,000 | — |
| Postage, Telegrams and | | |
| Tepephone | 25,000 | — |

| | | |
|-------------------------|------------------|------------------|
| Loan | — | 3,10,000 |
| Interest | 20,000 | — |
| Furniture | 3,50,000 | — |
| Brand Names and Designs | | |
| (Patents) | 60,000 | — |
| Advertisement | 1,00,000 | — |
| Cash in Hand | 1,50,000 | — |
| Cash in Bank | 63,000 | — |
| Freight Inward | 20,000 | — |
| Duty Drawback (Income) | — | 10,000 |
| | 16,57,000 | 16,57,000 |

Other Information :

- (i) Closing Stock Rs. 1,70,000
- (ii) Sales included Sales tax Rs. 50,000
- (iii) Depreciate Furniture @ 10%
- (iv) Write-off Brand Names and Designs @ 20%

(v) Advertisement to be written-off in 5 years.

(vi) Salaries outstanding Rs. 12,000 and Salaries paid in Advance Rs. 10,000

3. What is a Three Coloumn Cash Book ? How is it prepared ?
4. What do you mean by Subsidiarity books ? Explain its advantages.
5. What is 'Trial Balance' ? What is its importance ? Briefly explain.
6. The balance sheet of a company as on March 31, 2012 is given below :

| | Rs. | Rs. |
|---------------------|--------|--------|
| Cash | 21,000 | |
| Accounts Receivable | 45,000 | |
| Inventory | 5,000 | |
| Prepaid Rent | 1,000 | |
| Accounts Payable | — | 12,500 |

| | | |
|-----------------------|---------------|---------------|
| Share Capital | | 50,000 |
| Profit & Loss Account | | 9,500 |
| Total | 72,000 | 72,000 |

Following is the summary of transactions that occurred during April :

- (a) Collections of accounts receivable Rs. 44,000
- (b) Payments of accounts payable Rs. 12,000.
- (c) Acquisition of inventory on credit Rs. 40,000.
- (d) Inventory costing Rs. 35,000 was sold on credit for Rs. 42,500.
- (e) Recognition of rent expense for April Rs. 500.
- (f) Wages paid in cash for April Rs. 4,000.
- (g) Dividend declared and disbursed to shareholders in April Rs. 9,000.

Prepare all ledger accounts after including the opening balance as on March 31, 2012.

7. “Income Statement concentrates on operating part while funds flow statement throws light on the activities and the direction of operations.”
Comment.
8. What do you mean by Accounting Convention ?
Explain the various accounting conventions.
9. “Decisions taken on the basis of financial statements may not be regarded as final and accurate.” Comment.