Course Code	**:**	**ECO-02**
Course Title	**:**	**Accountancy-1**
Assignment Number	**:**	**BCA (II)/02/Assignment/2026-27**
Maximum Marks	**:**	**100**
Weightage	**:**	**30%**
Last Dates for Submission	**:**	**31st October, 2026 (For July 2026 Session)**
	:	**30th April, 2027 (For January 2027 Session)**

Maximum Marks: 100

Attempt all the questions:

Q1: **(20 Marks)**

What is depreciation? Discuss its objectives and explain the various methods used for calculating depreciation.

Q2:

a) Why is journal sub-divided? Name the special journals generally maintained by the business and state the type of transactions entered in each of them. **(10 Marks)**

b) What are its various types of errors which are usually committed in the process of accounting? Explain them with examples. **(10 Marks)**

Q3:

a) " Ledger is said to be the principal book of entry, and the transactions can even be directly entered into the ledger account." Elaborate on the statement and explain why Journal is necessary. **(10 Marks)**

b) "Credit sales can be ascertained either by preparing the Total Debtors Account or with the help of Memorandum Trading Account". Discuss **(10 Marks)**

Q4: **(20 Marks)**

Ages Cycle Co., Delhi sent 100 bicycles on January 1,1987 to Murugan Enterprises, Madras. Tile cost of each bicycle was Rs. 500 and it was invoiced at Rs. 600. Ages Cycle Co. incurred Rs. 2,000 on freight and insurance and received Rs. 30,000 as advance from t Murugan ‘Enterprises. Murugan Enterprises paid Rs. 1,000 as octroi and carriage, Rs. 800 as rent and Rs. 600 as insurance. By June 30, 1987 they had sold 100 bicycles for Rs. 62,500. Murugan Enterprises are entitled to a commission @ 10% on the proforma invoice price and 20% of any surplus realised over and above the invoice price. Murugan Enterprises remitted the amount due from them by a bank draft.

You are required to prepare ledger accounts in the books of both parties.

Q5: **(10+10=20 Marks)**

Differentiate between the following:

a) Profit and Loss Account and Balance Sheet
b) Single Entry System and Double Entry System

Q1: What is depreciation? Discuss its objectives and explain the various methods used for calculating depreciation. (20 Marks)

Answer

Depreciation is the systematic allocation of the depreciable amount of a tangible fixed asset over its estimated useful life. Assets such as machines, vehicles, buildings and furniture provide services for several accounting periods, but their service potential normally declines because of use, passage of time, wear and tear, technological changes or obsolescence. Depreciation records the portion of an asset's cost that belongs to a particular period. It is an expense even though no fresh cash payment is normally made when the yearly depreciation entry is passed. Land generally is not depreciated when it has an unlimited useful life.

The **depreciable amount** is the asset's cost (including necessary installation and bringing-it-into-use expenditure) less its estimated residual or scrap value. Useful life means the period or quantity of output for which the business expects to use the asset. Depreciation should not be confused with the fall in an asset's market price: its primary accounting purpose is systematic cost allocation, not a fresh valuation every year.

Objectives and importance of depreciation

Determination of correct profit. Fixed assets help earn revenue over many years. Charging their entire cost in the purchase year would understate that year's profit, while ignoring depreciation would overstate profits in later years. Periodic depreciation matches asset consumption with the revenue generated.

Fair presentation of financial position. Accumulated depreciation reduces the asset's carrying amount in the balance sheet. Without it, assets and owner's capital may appear higher than the amount justified by the asset's remaining service potential.

Capital maintenance. When depreciation is recognised before determining distributable profit, the business is discouraged from distributing amounts that are actually needed to maintain its productive capacity. Depreciation itself does not create cash or constitute a separate replacement fund; cash must actually be retained for replacement.

Cost ascertainment and pricing. Manufacturing and service organisations include appropriate asset depreciation in production, transport and other service costs. This helps calculate realistic unit costs, budgets, charges and prices.

Planning and comparison. An orderly depreciation policy helps managers budget for renewal, evaluate the performance of assets over time and compare