

PCO-01

**Bachelor's Preparatory Programme
(BPP)**

**ASSIGNMENT
2011-12**

PCO-01: PREPARATORY COURSE IN COMMERCE

For July 2011 and January 2012 admission cycle



**School of Management Studies
Indira Gandhi National Open University
Maidan Garhi, New Delhi-110 068**

Bachelor's Preparatory Programme
PCO-01: Preparatory Course in Commerce
ASSIGNMENT – 2011-12

Dear Students,

As explained in the Programme Guide, you have to do one Tutor Marked Assignment in this Course. Assignment is given 30% weightage in the final assessment. To be eligible to appear in the Term-end examination, it is compulsory for you to submit the assignment as per the schedule. Before attempting the assignments, you should carefully read the instructions given in the Programme Guide.

This assignment is valid for two admission cycles (July 2011 and January 2012). The validity is given below:

1. Those who are enrolled in **July 2011**, it is valid upto **June 2012**.
2. Those who are enrolled in **January 2012**, it is valid upto **December 2012**.

You have to submit the assignment of all the courses to **The Coordinator of your Study Centre**. For appearing in **June Term-end Examination**, you must submit assignment to the Coordinator of your study centre **latest by 30th April**. Similarly for appearing in **December Term-end Examination**, you must submit assignments to the Coordinator of your study centre **latest by 31st October**.

<p>Note : In case you receive the study material and assignments late, you can submit the assignment responses within one month after receiving the study material.</p>
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TUTOR MARKED ASSIGNMENT

Course Code	:	PCO-01
Course Title	:	Preparatory Course in Commerce
Assignment Code	:	PCO-01/TMA/2011-12
Assignment Coverage	:	All Blocks

Maximum Marks : 100

Attempt all the questions

1. What is business? Explain the different forms of business organization? (3, 9)

2. “Accounting Equation is true under all circumstances.” Justify this statement with the help of five illustrations. (12)

3. Write short notes on the following:
 - (i) Narration
 - (ii) Ledger Folio
 - (iii) Opening Entry
 - (iv) Compound Entry (4 × 3)

4. Prepare a Bank Reconciliation Statement in the books of Neha Ltd. As on 30th June, 2010 from the following information

	Rs.
1. Credit Balance (Overdraft) as per Cash Book as on 30 th June, 2010	15,000
2. Cheque deposited but not yet credited by the Bank	8,500
3. Another Cheque deposited but dishonoured	1,200
4. Cheques issued but not yet presented for payment	6,000
5. Interest on overdraft not recorded in Cash Book	780
6. A cheque of Rs. 2,420 received from a customer, although entered in the Cash Book, was not sent to bank.	

(12)

5. “Is Trial Balance merely a proof of Arithmetical accuracy”? Explain the errors which are not disclosed by a trial balance. (12)

6. What is Suspense Account? Why is it opened and how is it closed? (2, 8)

7. From the following Trail balance of Shri Rai Bahadur prepare Trading and Profit and Loss A/c for the year ending 31st December, 2010 and Balance Sheet as on that date. The Closing Stock on 31st December, 2010 was valued at Rs. 25,000.

Debit Balances	Rs.	Credit Balances	Rs.
Stock (1.1.2010)	20,000	Sundry Creditors	15,000
Purchase	75,000	Purchase Return	3,000
Sales Return	8,000	Sales	2,50,000
Freight and Carriage	7,500	Commission	3,300
Wages	36,500	Capital	1,70,000
Salaries	12,000	Interest on Bank Deposit	2,000
Repairs	1,200	B/P	6,200
Trade Expenses	4,000		
Rent and Taxes	24,000		
Cash in Hand	5,700		
B/R	4,000		
Debtors	55,000		
Plant and Machinery	1,60,000		
Withdrawals (Drawings)	16,600		
Bank Deposit	20,000		
	4,49,500		4,49,500

(20)

PART B

Attempt all the questions. Each question carries 1 mark.

1. Financial position of the business means
 - (i) Net effect of the business operations
 - (ii) Systematic records of the business transactions
 - (iii) What the business owes to others and what it owns at a given point of time
 - (iv) All of the above

2. As per which concept are the business enterprise and its owner treated as two separate entities?
 - (i) Business entity concept
 - (ii) Dual aspect concept
 - (iii) Historical record concept
 - (iv) Cost concept

3. Posting will be done in the
 - (i) Ledger
 - (ii) Trial Balance
 - (iii) Journal
 - (iv) All of the above

4. Trial Balance is prepared
 - (i) Before preparation of final accounts
 - (ii) After preparation of final accounts
 - (iii) Before posting in the ledger
 - (iv) All of the above
5. Bank overdraft means
 - (i) Amount withdrawn from the bank in excess of amount of balance in the Bank Account
 - (ii) Credit balance in the Bank Account
 - (iii) When there is no balance in the account in the bank
 - (iv) All of the above
6. Sales Return Journal is also called
 - (i) Returns Outwards Journal
 - (ii) Returns Inwards Journal
 - (iii) Day Book
 - (iv) Invoice Book
7. Trading Account is prepared to find out
 - (i) Cost of Sales
 - (ii) Direct Expenses
 - (iii) Gross Profit
 - (iv) Cost of Production
8. Interest on drawings is shown on the
 - (i) Credit side of Profit and Loss Account
 - (ii) Debit side of Profit and Loss Account
 - (iii) Credit side of Trading Account
 - (iv) Debit side of Trading Account
9. Goodwill is a
 - (i) Tangible asset
 - (ii) Wasting asset
 - (iii) Fixed asset
 - (iv) Intangible asset
10. Sundry Debtor is
 - (i) Current asset
 - (ii) Current liability
 - (iii) Liquid asset
 - (iv) Long - term liability

(10 × 1)