

END TERM EXAMINATION

FIRST SEMESTER [BBA/BBA(B&I)/BBA(TTM)/BBA(MOM)] DECEMBER-2011

Paper Code: **BBA109** Subject: **Financial Accounting**
 BBA(B&I)109
 BBA(TTM)109
 BBA(MOM)109

Time : 3 Hours

Maximum Marks :75

Note: Attempt any five questions including Q.no.1 which is compulsory.

- Q1. Comment on any **FIVE** of the following statements. Your answer should not exceed 50 words:
- (i) Book-keeping and Accounting are synonymous terms.
 - (ii) It is on the basis of going concern concept that the assets are always valued at market price.
 - (iii) Office equipment purchased on credit will be recorded in the Purchases Book.
 - (iv) Depreciation should be charged on replacement cost.
 - (v) Trial Balance is a summary record of all assets and liabilities of the business.
 - (vi) A company can use Securities Premium Account for payment of dividends to its shareholders.
 - (vii) Debenture-holders are not members of the company.

[5 x 3 = 15]

- Q2. (a) Differentiate between a Journal and a Ledger.
 (b) The following entries have been passed by a student. You have to state whether these entries are correctly passed. If not so, pass the correct journal entries.

	Particulars		Rs.	Rs.
(i)	Cash Account Dr. To Interest Account (Being interest paid)		7,000	7,000
(ii)	Mukesh Dr. To Bank Account (Being Salary paid to Mukesh)		1,000	1,000
(iii)	Repairs Account Dr. To Cash Account (Being charges paid for overhauling an old machine purchased)		1,000	1,000
(iv)	Cash Account Dr. To Rakesh (Being an amount of debt which was written off as bad debt last year, is received during the year)		200	200
(v)	Purchases Account Dr. To Hari (Being Goods sold to Hari returned by him)		1,000	1,000

[5 + 10 = 15]

- Q3. (a) What is a Capital Expenditure? Illustrate your answer by giving five examples.
 (b) What is a Trial Balance? Explain its objectives.

[7 + 8 = 15]

- Q4. (a) Explain the need and significance of Depreciation? What factors should be considered for determining amount of depreciation?

(b) A firm purchased a plant for Rs. 10,000 on 1.1.2004. It was charging depreciation at 10% p.a. according to the fixed installment method. At the end of 2008, the firm decided to change the method of depreciation from the Fixed Installment Method to the Diminishing Balance Method w.e.f. 1.1.2005. The rate of depreciation was to be at 12% p.a. You are required to prepare the Plant Account for the three years ending-

10000
160