

END TERM EXAMINATION

FIRST SEMESTER [BBA] DECEMBER-2012

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 each. (3x5=15)

- Accounting records only transactions which are of a financial character.
- The convention of conservatism takes into account all prospective profits but leaves all prospective losses.
- Credit Note is sent to a customer when goods are returned by him.
- The term 'Current Liabilities' is used to denote those liabilities which are payable after a year.
- The terms "Accrued Income" and "Outstanding Income" have synonymous meanings.
- Depletion Method is suitable to charging depreciation in case of livestock or loose tools.
- Forfeited shares can be reissued at any price.

Q2 (a) Differentiate between Accounting Principles and Accounting Policies. (5)
 (b) The following are the extracts from the Trial Balance of a firm:-

TRIAL BALANCE as on 31st December 2009.

Particulars	Dr. (Rs.)	Cr.(Rs.)
Sundry debtors	50,00	
Bad debts	3,000	
Discount	2,000	

Additional information:

- Create a provision for doubtful debts @ 10% on debtors.
- Create a provision for discount on debtors @ 5% on debtors.
- Additional discount given to the debtors Rs.1000.

You are required to pass the necessary journal entries and show how the different items will appear in the final accounts. (10)

Q3 (a) Differentiate between a Provision and a Reserve. (5)
 (b) A firm purchased a plant for Rs.10,000 on 1/1/2007. It was charging depreciation at 10% p.a. according to the fixed installment method. At the end of 2011, the firm decided to change the method of depreciation from the Fixed Installment Method to the Diminishing Balance Method w.e.f. 1/1/2008. The rate of depreciation was to be 12% p.a. You are required to prepare the Plant Account for the three years ending 31st December 2011 and also show how the depreciation item would appear in the Profit and Loss Account of the year 2011. (10)

Q4 (a) Differentiate a Trial Balance from a Balance Sheet. (5)
 (b) Show by giving reasons, whether the following items of expenditure are Capital or Revenue:- (10)
 (i) Carriage paid to goods purchased.

P.T.O.