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(20112)

Roll No.

BBA – I Sem.

03042

B.B.A. Examination, Dec. 2011

Financial Accounting

(BBA-105)

(Old Course-II)

Time: Three Hours]

[Maximum Marks : 75

Note: Attempt any five questions. All questions carry equal marks.

1. Explain the 'Basic Principles' of Accounting.
2. Explain how the following transactions would be recorded in a Cash Book with Cash and Bank Columns?
 - (i) Deposit of Cash into Bank.
 - (ii) Withdrawal of money from Bank for office use.
 - (iii) Deposit of cheques (received from others) into Bank.
 - (iv) Dishonour of cheques deposited into Bank.

3. What is the need and significance of Depreciation? Differentiate, with suitable examples, between Straight Line Method and Diminishing Balance Methods of charging depreciation.
4. Pass Journal entries in the books of Hari Shankar from the following :

| 2010 | | Rs. |
|--------|---|---------------|
| Jan. 1 | Commenced business with cash | 50,000 |
| .. 2 | Purchased goods from Subhash | 20,000 |
| .. 4 | Sold goods to Ramnath | 15,000 |
| .. 6 | Ramnath returned defective goods | 1,000 |
| .. 10 | Received cash from Ramnath and Discount allowed | 13,800 200 |
| .. 12 | Gopal goods sold to us | 10,000 |
| .. 14 | Paid to Gopal in full settlement of his account after deducting 5% discounting. | |
| .. 15 | Paid Rent. | 1,000 |
| .. 16 | Paid rent of Hari Shankar's residence. | 500 |
| .. 18 | Purchased goods for cash from Govind for Rs. 6,000 at 20% trade discount. | |
| .. 20 | Purchased goods from Govind for Rs. 10,000 at 20% trade discount. | |
| .. 24 | Paid to Govind Rs. 7,850 in full settlement of his account. | |
| .. 25 | Paid to Subhash Rs. 4,750; | |

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discount received Rs. 250.

- 31 Paid wages Rs. 400; Salaries Rs. 4,000; Advertisement expenses Rs. 800 and Trade expenses Rs. 1,000
5. What are the objects of preparing a balance sheet? Distinguish between a balance sheet and a trial balance
 6. A company purchased on 1st April, 2008, machinery costing Rs. 30,000. It purchased further machinery on 1st October, 2008, costing Rs. 20,000 and on 1st July, 2009, costing Rs. 10,000. On 1st January, 2010, the machinery installed on 1st April, 2008, became obsolete and was sold for Rs. 3,000. Show the machinery account for 3 years charging depreciation by fixed instalment method at 10%p.a. Accounts are closed on 31st December each year.
 7. Shiva Ltd. invited applications for 10,000 equity shares of Rs. 100 each of which payment were as follows :
On application Rs. 20; On allotment letter (1st May, 2010) Rs. 30; On first call (1st Oct., 2010) Rs. 30 and final call (1st Feb., 2011) Rs. 20.
All shares were subscribed and the allotment was made. One shareholder, who had 200 shares, paid the full amount due on shares with allotment. Pass the Journal entries of above transactions assuming

that all the sums have been received. Interest to shareholders was paid on 1st February, 2011.

8. What is debenture? What are the various methods of redeeming the debentures? Describe their characteristics.
9. A Ltd. took a loan of Rs. 60,000 from a Bank and deposited 700, 8% Debentures of Rs. 100 each as collateral security. Company again took a loan of Rs. 40,000 after two months from a Bank and deposited 500, 8% debentures of Rs. 100 each as a collateral security. Pass the necessary Journal entries and prepare Balance Sheet in the books of A Ltd.
10. Eti Ltd. issued 500 equity shares of Rs. 10 each payable as under :
Rs. 2 on application,
Rs. 2 on allotment,
Rs. 3 on first call, and
Rs. 3 on final call.
Suresh, who holds 100 shares failed to pay first and second call money and Sharad, who holds 50 shares failed to pay only second call. These shares were forfeited on account of non-payment and reissued at a discount of 2%. Pass the necessary Journal entries in the books of Eti Ltd.