

Roll No. ....

Subject Code—8151

**B.B.A. (First Year) EXAMINATION**

(Main/Re-appear Batch 2009 Onwards)

BBA-104

FINANCIAL ACCOUNTING-I

*Time : 3 Hours*

*Maximum Marks : 70*

**Section A**

**Note :** Attempt any *Seven* questions.  $7 \times 5 = 35$

1. Distinguish between Profit and Loss Account and Income and Expenditure Account.
2. State the significance of Journal.
3. Explain the rules regarding posting of transaction into ledger.
4. Describe the objectives of subsidiary books.

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5. Trial Balance and Balance Sheet serve the same purpose. Comment.
6. Describe accounting as an information system.
7. Explain the types of accounting.
8. What are the limitations of Single Entry System of accounting ?
9. Differentiate between a time bill and a demand bill.
10. Why is proper valuation of inventory important ?

### **Section B**

**Note :** Attempt all the questions.

11. What is an Accounting Equation ? Illustrate its mechanism by imaginary figures to prove that the two sides of the equation are always equal.

*Or*

How will you calculate profit under the Single Entry Method of maintaining accounts ? 12

12. "Balance as shown by the Bank Pass Book should tally with the balance as shown by the Cash Book of the business." Do you agree ? If not, explain the reasons with suitable examples of difference between the two.

*Or*

Discuss the different methods of inventory valuation with suitable examples. 12

13. The following are the details of the Motor Trucks owned by Blue-Bird carriers :
- (i) 'ROAD STAR' purchased on 4-1-1998 for Rs. 70,000.
  - (ii) 'ROAD KING' purchased on 10-6-1999 for Rs. 80,000.
  - (iii) 'ROAD MASTER' purchased on 8-2-2001 for Rs. 1,00,000.

- (iv) 'ROAD TIGER' purchased on 16-9-2001 for Rs. 1,10,000. 'ROAD STAR' was involved in a serious road accident on May 16, 2000 and became a total loss. Insurance claim was settled at Rs. 30,000 on 30-12-2000 which was received on 26-1-2001.

Depreciation at 30% has been charged upto 31-12-2001 on 'Reducing Balance Method'. It is a practice to charge full year's depreciation on addition made on any day during the year and no depreciation is charged at all on any truck sold or discarded in the year of sale or discardment. Accounts are closed on 31st December each year.

It is decided to change the basis of charging depreciation since the very inception to fixed instalment method and to make consequential adjustment on 1st January, 2002 assuming that rate of depreciation remains unchanged at 30%.

Required :

Motor Trucks Account since beginning upto January 1, 2002.

Or

Pass journal entries to rectify the following errors assuming the existence of Suspense Account :

- (i) Goods bought from Vijay amounting to Rs. 27,500 was posted to the credit of his account as Rs. 25,700.
- (ii) Sales book was overcast by Rs. 10,000.
- (iii) While carrying forward, the total of one page of the purchase book to the next page, the amount of Rs. 64,750 was written as Rs. 61,750.
- (iv) Purchased returns to Goenka Brothers worth Rs. 15,500 were not recorded in purchases returns book, but the account to Goenka Brothers was duly debited for the amount.
- (v) Drawings of goods by proprietor costing Rs. 1,500 were not recorded in the books of account.



The Suspense Account had a debit balance of Rs. 1,600 prior to the above adjustments. Prepare the Suspense Account and comment on the same.

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