



**AAS-010-001206**

Seat No. \_\_\_\_\_

**B. B. A. (Sem. II) (CBCS) Examination**

**April / May – 2016**

**206 : Principles & Practice of Accountancy-II**

*(New Course)*

**Faculty Code : 010**

**Subject Code : 001206**

Time :  $2\frac{1}{2}$  Hours]

[Total Marks : 70

- Instructions :** (1) There are total 6 questions in this paper.  
(2) All 6 question are compulsory.  
(3) First question consists of 20 MCQs of 20 marks.  
In total Next five questions carry 10 marks each.

**SECTION-I**

**1 Choose the right option : 20**

- (1) Depreciation is \_\_\_\_\_ type of expenses.  
(A) Revenue (B) Deferred revenue  
(C) Capital (D) None of these
- (2) Every year the depreciation account will be transferring it to \_\_\_\_\_ account.  
(A) P & L  
(B) Trading  
(C) P & L Appropriation  
(D) None of these
- (3) Purchase price of Machine Rs. 1,60,000, Installation Charges Rs. 40,000, Residual value Rs. 81,920 and useful life 4 year. Find the annual depreciation.  
(A) Rs. 29,520 (B) Rs. 40,000  
(C) Rs. 50,000 (D) Rs. 39,520
- (4) Which is an ideal method of evaluating of stock?  
(A) Weighted average method  
(B) Simple average method  
(C) FIFO method  
(D) LIFO method
- (5) Which method is not approved by the International Accounting Standards committee?  
(A) Weighted average method  
(B) LIFO method  
(C) FIFO method  
(D) None of these

- (6) If the Opening stock is under casted \_\_\_\_\_.
- (A) The profit will be decrease  
 (B) The profit will be increase  
 (C) The profit will be not change  
 (D) None of these
- (7) Non-trading organizations would not prepare \_\_\_\_\_.
- (A) Profit & Loss a/c. (B) Trading a/c.  
 (C) (A) and (B) both (D) Income & expenditure a/c.
- (8) Receipt and Payment a/c. is summarized of \_\_\_\_\_.
- (A) Liabilities (B) Assets  
 (C) Cash a/c. (D) None of these
- (9) Find revenue expenses
- (A) Electric fitting  
 (B) Billiard table  
 (C) Canteen expenses  
 (D) New telephone connection deposit
- (10) If credit balance of the Income & Expenditure a/c. is called \_\_\_\_\_.
- (A) Excess of expenditure over to income  
 (B) Profit  
 (C) Excess of income over to expenditure  
 (D) Loss
- (11) In which following is not Profession person?
- (A) Doctors  
 (B) Solicitors  
 (C) Chartered Accountant  
 (D) Businessman
- (12) In which accounting method, the transactions are recorded when cash is earn but not received during the year?
- (A) Cost accounting method  
 (B) Cash method  
 (C) Human resource management  
 (D) Mercantile method
- (13) What is Apprentice (Trainee) premium for a firm of Profession Person?
- (A) Expenses (B) Liability  
 (C) Assets (D) Income
- (14) Statement of affairs is just like \_\_\_\_\_.
- (A) Trading a/c. (B) P & L a/c.  
 (C) Trial balance (D) Balance sheet

- (15) \_\_\_\_\_ account is prepared to find out credit purchase.  
(A) Creditors (B) Debtors  
(C) Bills payable (D) Bills receivable
- (16) Why opening statement of affairs is prepared?  
(A) To find out opening balance of capital  
(B) To find out cash  
(C) To find out profit / loss  
(D) To find out assets
- (17) Bad debts return is to be recorded to which account?  
(A) Cash a/c. (B) Creditors a/c.  
(C) Debtors a/c. (D) None of these
- (18) From which year, the Indian Partnership Act came into force?  
(A) From 1932 (B) From 1935  
(C) From 1956 (D) None of these
- (19) When there is no provision in the partnership deed for interest on partner's loan, what percentage of interest p.a. is given according to law?  
(A) 4% (B) 5%  
(C) 6% (D) None of these
- (20) What is called, the credit balance of Profit & Loss Appropriation a/c.?  
(A) Net profit (B) Divisible loss  
(C) Divisible profit (D) Gross profit

## SECTION-II

- 2** Write short notes on any two of the following : **10**
- (a) Meaning and need of Accounting Standards.  
(b) Causes of depreciation.  
(c) Capital and Revenue Income.  
(d) Profit and Loss Appropriation A/c.

- 3** The details of sales and purchase of goods PRANAV **10**  
by Janu & Co. during January 2015 are as follows :  
1-1-2015: Opening stock 200 kg. @ Rs. 4.50 per kg.  
5-1-2015: Purchase 100 kg. @ Rs. 5.00 per kg.  
10-1-2015: Sales 170 kg.  
15-1-2015: Sales return, 20 kg., from sales on dated 10-1-2015.  
20-1-2015: Purchase 200 kg. @ Rs. 5.20 per kg.  
24-1-2015: Sales 300 kg.  
28-1-2015: Purchase 80 kg. @ Rs. 5.40 per kg.  
During inspection on 31<sup>st</sup> January, 2015 a shortage of 10 kg. was detected. Find out the value of stock as on 31<sup>st</sup> January 2015. Prepare stock register showing the value of closing stock on the basis of FIFO method.

**OR**

- 3** On 1-4-2015 in the books of Janu Industries, Machinery **10**  
Account showed a debit balance of Rs.1,00,000. This was purchased before five years. Depreciation on machinery is provide on straight line method at 10% p.a. on 30-9-2015 a machine was sold at a loss of 20% on book value. Write journal entries in the books of company and prepare machinery account.
- 4** from the following Receipts and Payment Account of **10**  
'Free Legal Aid Society' for the year 2014-15  
(ending 31-3-2015) and information, prepare income and expenditure account for the year and balance sheet as on 31<sup>st</sup> March, 2015.

Receipts	Rs.	Payments	Rs.
To Balance	14,000	By salaries of office staff	60,000
To interest on investments (10%p.a.)	40,000	By Honorarium to legal advisors	30,000
To Donations	29,000	By sundry expenses	3,000
To Subscriptions	1,00,000	By stationery	5,000
To charity show receipts	20,000	By court fee stamps	10,000
		By typewriters	20,000
		By charity show expenses	5,000
		By cash on hand	70,000
	2,03,000		2,03,000
Additional information as on	1-4-2014	31-3-2015	
Subscription due	1,000	2,000	
Subscription received in advance	2,000	1,000	
Stock of court fee stamps	4,000	6,000	
Value of office equipment (typewriters)	42,000	60,000	
Value of buildings	80,000	72,000	

**OR**

- 4 Solicitor Pankit submits to you the following trial balance 10  
for his financial year ending on 31-3-2015. Prepare his  
final accounts.

Debit balance	Rs.	Credit balance	Rs.
Library books	45,000	Capital	50,000
Office equipment	30,000	Reserve for outstanding	
Office		fees (1-4-14)	16,000
buildings	75,000	Bills of fees	1,96,000
Office expenses	25,000	Apprentice premium received	
Salaries		on 1-4-14 for two years	10,000
and allowances	30,000	Outstanding salary	6,000
Bank balance:			
Office	20,000		
Clients	10,000		
Cash on hand	3,000		
Debtors for fees	25,000		
Client's sundry exp.	15,000		
	2,78,000		2,78,000

**Adjustments :**

- (1) Rs. 6000 fee received in advance from clients is wrongly included in bills of fees.
- (2) Office expenses of Rs. 1000 are included in sundry expenses for clients by mistake.
- (3) Interest is to be counted at 20% on capital.
- (4) Depreciation at 10% on Office equipment, Office buildings and library books.

If Mr. Manish is to be join in partnership with Pankit in the coming year and if the bills of fees not prepared are estimated Rs. 10,000. Find out profit.

- 5 A small trader does not maintain proper books of accounts. 10  
From the following information, prepare Trading and  
P/L a/c. for the year ended 31<sup>st</sup> December, 2015 and a  
Balance Sheet as on that date.

Particulars	31-12-2014 Rs.	31-12-2015 Rs.
Debtors	9,000	12,500
Stock	4,900	6,600
Furniture	500	750
Creditors	3,000	2,250

Analyses of other transactions are as under:

Particulars	Rs.	Particulars	Rs.
Cash collected from debtors	30,400	Cash paid to creditors	22,000
Salaries	6,000	Rent	750
Office expenses	900	Drawings	1,500
Fresh capital introduced	1,000	Cash sales	750
Cash purchase	2,500	Discount required	350
Discount allowed	150	Return inwards	500
Return outwards	400	Bad debts	100
New furniture purchased	250		

He had Rs. 2,500 cash at the beginning of the year.

**OR**

- 5** X started grocery business on 1<sup>st</sup> January 2014 with a capital of Rs. 10,000. He spent Rs. 1,500 on furniture and fixture in cash. He maintains his books on single entry. Following figures were extracted his books. **10**

Sales (inclusive of cash Rs. 8,000) ..... Rs. 20,000

Purchases (inclusive of cash Rs. 2,500) ..... Rs. 12,000

Bad debts written off Rs. 750 and Business expenses Rs. 1050.

X used groceries worth Rs. 1500 and took Rs. 13,000 in cash for personal use. On 31<sup>st</sup> December, 2015 his sundry debtors were Rs. 1250 and sundry creditors Rs. 1500. Stock in hand on 31<sup>st</sup> December 2015 was Rs. 1500.

Prepare trading, profit and loss account for the year ended on 31<sup>st</sup> December, 2015 and Balance Sheet as on that date.

- 6** X and Y are partners of a partnership firm sharing the profit and loss in the proportion of 3:2. From the trial as at 31-3-2015 and other information, prepare the Trading a/c., Profit and Loss a/c., Profit and Loss appropriation a/c. and Balance Sheet of their partnership firm : **10**

**Trial Balance as on 31-3-2015**

Name of account	Debit Balance	Credit Balance
Purchase and Sales	90,000	1,40,000
Debtors and Creditors	44,000	20,000
Capital and drawing		
X	8,000	60,000
Y	11,000	1,00,000

Opening stock and loan of 10%	30,000	20,000
Bad debts and Bad debts reserve	5,000	3,000
Goods return	8,000	20,000
Furniture and Outstanding salary	40,000	4,000
Cash and Bank	16,200	5,000
Bills	5000	4,400
Building	64,000	-
Depreciation on Building	6,000	-
Apprentice premium from, 1-10-14 for 3 years	-	4,800
Mahajan Lago	6,000	-
Wages	12,000	-
Salary	36,000	-
	<b>3,81,200</b>	<b>3,81,200</b>

Additional information :

- (1) Closing stock was Rs. 16,000 out of which the market value of 10% goods is 20% less.
- (2) Increased rate of depreciation on building to 10% and calculated 5% depreciation on furniture.
- (3) Bank has paid Rs. 2,000 of bills payable, which is not recorded.
- (4) Write off Rs. 4,000 from debtors as debts and provide 5% for bad debts reserve.
- (5) Calculated 8% interest on capital and 10% interest on drawing.

**OR**

**6** M and N are partners sharing the profit and loss in the **10** proportion of 3:1. Following is the Trial Balance as on 31-3-2015. Prepare annual accounts of the firm with help of trial balance and Adjustments given below :

### Trial Balance as on 31-3-2015

Name of account	Debit Balance	Credit Balance
Machinery	40,000	----
Land and building	55,000	----
Salary and wages	21,000	----
Cash on hand	1,100	----
Cash at bank	45,000	----
Motor van	18,000	----
Office expenses	1,000	----
M' Capital	----	1,16,000
N' Capital	----	62,000
Carriage	5,000	----
Purchase and Sales	2,20,000	2,80,000
Returns	2,000	5,500
Bad debts	1,000	----
Debtors and Creditors	32,800	35,000
Rent	1,100	----
Bills payable	----	33,000
Printing and stationery	1,500	----
Travelling Exp.	5,500	---
Stock (1-4-2014)	30,000	---
Insurance premium	1,500	----
Discount	8,000	----
Advertisement	12,000	----
Furniture	30,000	----
	5,31,500	5,31,500

- (1) Closing stock is valued at cost price Rs. 41,000 but market price is Rs. 42,000.
- (2) Goods worth Rs. 5,000 were taken over by M for personal use was not entered in the books of accounts.
- (3) Goods worth Rs. 5,000 were destroyed by fire and insurance company admitted claim of Rs. 4,000. Goods worth Rs. 5,000 were purchased but not recorded.
- (4) Provide Rs. 800 for reserve for doubtful debts on debtors and Rs. 500 for discount on creditors.
- (5) Provide depreciation at 10% on machinery and 5% on furniture.
- (6) Outstanding Exp.- rent Rs. 100; salary Rs. 500.