



NBK-010-001206

Seat No. _____

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

April / May – 2017

206 : Principles & Practice of Accounting - II
(Old Course)

Faculty Code : 010

Subject Code : 001206

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

[Total Marks : 70

- Instructions :** (1) Figures to the right indicate full marks of the questions.
(2) Working note shall be treated as a part of the answer.

- 1 What do you mean by Accounting standards ? Why are they required ? 14

OR

- 1 Names of Accounting standards published by ICAI in India. 14

- 2 Mr. Shantilal purchased machinery costing Rs. 90,000 on 1.4.2009 : 14

Installation cost amounted to Rs. 10,000

On 1.10.2009 another machine costing Rs. 56,000 was purchased, its installation cost amounted to Rs. 4,000.

On 1.7.2010 one more machine costing Rs. 36,000 was installed.

On 1.7.2011, $\frac{1}{4}$ th of the machines purchased on 1.4.2009 was sold for Rs. 10,000. Machines are liable for depreciation as per straight line method. Accounting year finishes on 31st December.

Prepare machinery account in the books of Mr. Shantilal for the years 2009, 2010 and 2011 assuming that depreciation was 10% for annum.

OR

- 2 (a) The receipts and issues of an item of materials in a factory during March 2016 are as follows : 8

2016 March

1	Opening Balance	150 kgs @ Rs. 20
3	Issued	50 kgs
9	Purchase	200 kgs @ Rs. 21
16	Issued	150 kgs
19	Return from job (out of materials issued on 3 rd)	10 kgs
23	Purchases	300 kgs @ Rs. 19
29	Issued	100 kgs

The report of the stock verifier revealed that there was a shortage of 5 kgs on 31st March. Prepare stock register under :

- (1) FIFO method
- (2) LIFO method.

- (b) Weighted Average Method – Explain. 6

- 3 The Sports Club presents the following Trial Balance on 31.3.2017 prepare an Income and Expenditure Account and Balance Sheet as on the same date. 14

Debit Rs. Credit Rs.

Income from Entertainment programme .....	-	.....	15,000
Interest on Investments .....	-	.....	2,240
Subscriptions .....	-	.....	80,000
Sale of old newspapers .....	-	.....	400
Office staff salary	10,000	.....	-
Postage-Telegram expenses	1,200	.....	-
Honorarium to Secretary	12,000	.....	-
Sundry expenses	3,200	.....	-
Repairs	800	.....	-
Entrance Fees .....	-	.....	3,600
Donation .....	-	.....	15,600
Subscription for newspaper	2,700	.....	-
Freeship given from education fund	4,000	.....	-
Education Fund Investments	30,000	.....	-

Canteen's expense	18,500	-
Expenses for entertainment programme	9,100	-
Purchase of sports equipments (1.1.17)	11,600	-
Purchase of furniture (1.10.2016)	5,000	-
Education fund	-	30,000
Income from education Fund Investment	-	2,800
Canteen's income	-	26,000
Sundry receipts	-	1,860
Capital Fund	-	1,35,000
Sports Equipments	55,000	-
Investments	22,400	-
Fixed deposit in bank	20,000	-
Building	90,000	-
Furniture	12,000	-
Cash balance	5,000	-
	3,12,500	3,12,500

Additional Information :

- (a) Half of the entrance fees is capitalized.
- (b) Honorarium to Secretary outstanding Rs. 3,000
- (c) Subscription due Rs. 5,000 and subscription received in advance Rs. 6,000
- (d) Interest due on education fund investments is Rs. 200.
- (e) Provide depreciation at 10% on sports equipments and 6% on furniture per annum.

OR

- 3** Dr. Patel, after retiring from Govt. Service set up a private practice on 1-March 2017 with Rs. 75,000 of his own and Rs. 30,000 borrowed at 18% p.a. as a loan from the bank. His accounts for the year were kept on a cash basis and the following is his summarized book. **14**

<i>Particulars</i>	<i>Rs.</i>	<i>Particulars</i>	<i>Rs.</i>
Personal Capital	75,000	Rent of dispensary	6,000
18% loan from Bank	30,000	Salary	14,000
Visiting Fees	77,500	Medicines purchased	18,000
Consultation fees	10,000	Motor car expenses	18,000
Pension received	30,000	Surgical equipments(1.4.16)	15,000
Rent from House Property	9,800	Furniture	5,000
Income from personal		Motor-car	50,000
investments	3,700	House-hold expenses	48,000
Fees from lectures	11,500	Income-tax	10,000
		Professional Tax	600
		General expenses	12,000
		Interest on Bank Loan	5,400
		Magazines	800
		Cash-in-Hand (31.3.2017)	44,700
	2,47,500		2,47,500

The stock of medicines in hand on 31.3.2017 was valued at Rs. 3,750. Charge depreciation @ 5% on surgical equipments. 1/3rd of motor car and general expenses are in respect of his personal use. Charge Rs. 2,000 for depreciation on motor-car.

You are requested to prepare Income and Expenditure Account and Capital Account for the year ended 31 March, 2017 and Balance sheet as on that date.

4 Mr. Varun presents following particulars :

14

	<i>1.1.2015</i> <i>(Rs.)</i>	<i>31.12.2015</i> <i>(Rs.)</i>
Cash at Bank	5,600	(?)
Cash on hand	310	190
Stock	25,400	18,200
Creditors (of goods)	16,400	21,600
Creditors (for expenses)	4,200	2,400
Debtors	19,100	26,700
Furniture	5,000	7,000

Other Information :

– Cash received from debtors	Rs. 35,000
– Discount allowed to debtors.....	Rs. 800
– Bad debts written off	Rs. 1,600
– Credit Sales	Rs. 45,000
– Drawings	Rs. 9,000
– Expenses	Rs. 12,500
– Discount received from creditors.....	Rs. 300
– Paid cash to creditors	Rs. 30,500
– Credit purchases	Rs. 36,000
– Cash sales.....	Rs. 15,000

Compute 10% depreciation on furniture additional furniture was purchased as on 1.7.2015.

Prepare final accounts for the year ending 31.12.2015 in the books of Mr. Varun.

OR

- 4 (a) Difference between single entry and double entry. 7
(b) Find out credit sales : 7
- | | |
|---|------------|
| – Debtors (1.4.2016) | Rs. 31,000 |
| – Bad-debts (1.4.2016) | Rs. 1,000 |
| – Cash received from debtors (including
bad debts written off in past) | Rs. 52,000 |
| – Sales return | Rs. 1,000 |
| – Interest debited on debtors | Rs. 1,500 |
| – Dishonoured bills receivables | Rs. 2,500 |
| – Debtors (31.3.2017) | Rs. 35,000 |
- 5 Gajanand and Janardan are partners of a firm. From 14
the following trial balance as on 31.3.2016 and adjustments.
Prepare Trading A/c., Profit and Loss A/c., Profit and Loss
App A/c., Balance Sheet and Partner's capital account.

Trial Balance as on 31.3.2016

<i>Debit Balance</i>	<i>Rs.</i>	<i>Credit Balance</i>	<i>Rs.</i>
Drawing :		Capital :	
Gajanand	4,800	Gajanand	24,000
Janardan	3,200	Janardan	16,000
Adjusted Purchase	1,06,000	Sales	2,00,000
Goods stock (31.3.'16)	28,000	Suppliers	30,000
Customers	48,000	Goods dispatched	
Wages/Salary	10,000	as sample	2,000
Trading expenses	16,000	B.O.D.	14,000
Building	50,000		
Furniture & Fittings	10,000		
Office equipments	4,000		
Stock of Packing			
materials	4,000		
Cash balance	2,000		
	2,86,000		2,86,000

Adjustments :

- (1) Calculate 8% on capital and 12% interest on drawings. Gajanand has withdrawn Rs. 400 at the end of every month and Janardan has withdrawn on 1.10.2015.
- (2) A credit sales of Rs. 10,000 is to be unrecorded, the total sales of book is overcast by Rs. 2,000.
- (3) Write off additional bad debts of Rs. 2,000 and provide 5% for BDR.
- (4) The fittings of Rs. 4,000 became obsolete. For this accounting treatment is not given.
- (5) On failure of supply of goods to a customer, the court has approved a claim of Rs. 4,000.
- (6) Rs. 2,000 as outstanding wages is recorded in wages account, but recording in outstanding wages account is left unrecorded.

OR

5 Anand and Bavan were partners sharing Profit and Losses in the ratio of 2:1. On 31st March 2016, their capitals were Rs. 50,000 and Rs. 40,000 respectively. According to partnership deed 15% interest on partner's capital was to be allowed and Bavan was to be credited with the salary of Rs. 10,000 p.a. 14

The profit of the firm of the year ending 31st March, 2017 before charging interest on partners capitals and Bavan's salary was Rs. 36,500. Bavan had not withdrawn his salaries.

They withdraw Rs. 6,000 each during the year.

The interest is to be calculated on partners' drawings as under : Anand Rs. 300, Bavan Rs. 300.

They have decided to contribute Rs. 1,600 to Flood Relief Fund.

Prepare partners' capital accounts and Profit and Loss Appropriation Account from the information given below :

- (a) When Partners' Capital accounts are fluctuating
- (b) When Partner's capital accounts are fixed.
