



MBK-161100010205

Seat No. _____

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

March / April - 2018

Business Accounting

(New Course)

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

[Total Marks : 70

Instructions : (1) There are five questions each of equal marks.
(2) Figures on the right side indicate marks.

1 Write short notes on any two from the following : **14**

- (1) Importance of Accounting Standards
- (2) Accounting Standard 9: Revenue Recognition
- (3) Procedure for formulating Accounting Standards
- (4) Accounting Standard 10: Accounting for Fixed Assets

2 Harmony Ltd. purchased machineries as follows : **14**

Date of Purchase	Cost of Machine (Rs.)
1-4-'16	90,000
1-10-'16	60,000
1-7-'17	30,000

On 1-1-'18 one third of the machinery purchased on 1-4-'16 became obsolete and was sold for Rs. 9,000. The Machinery was to be depreciated by Fixed Instalment method at 10% p.a.

Show how the Machinery Account would appear in the ledger of the company for the year 2016, 2017 and 2018. Assume that the accounting year of the company ends on 31st December every year.

OR

- 2 Samarpan Ltd. is having opening stock of 1200 kgs.@Re. 1 14 per kg. as on 1st March 2017. Other transactions are as under :

Date 2017	Particulars	Quantity (Kgs.)	Rate Per Kg. (Rs.) (Rs.)	Total Amount
March - 4	Purchase	1600	1.2	1920
14	Issue	800		-
22	Purchase	1200	0.9	1080
26	Issue	790		-
27	Shortage revealed	10		-
April - 2	Issue	1000		-
18	Purchase	400	1.1	440
27	Issue	300	-	-
27	Issue	600		-

Prepare Stock Register as per LIFO Method.

- 3 Following is the statement of Receipt and Payment of Aum Charitable Trust for the year 2015-'16. 14

Receipt & Payment A/c

Receipts	Amt. Rs.	Payments	Amt. Rs.
To Balance b/d	15,400	By Salaries	5,200
" Donation	16,000	" Rent & Taxes	2,400
" Subscriptions	14,000	" Printing	600
" Furniture Sold	30,000	" Postages	200
" Legacies	6,000	" Advertisement Exp.	500
" Interest on Investment	19,000	" Furniture	30,500
" Interest on Deposit	300	" Insurance	1,500
" Sale of old Newspapers	150	" Investments	28,000
		" Advance for Building	10,000
		" Balance c/d	21,950
	1,00,850		1,00,850

Prepare Income and Expenditure Account for the year ended 31st March 2016 after considering the following :

- (1) It was decided to treat one-half of the amount received on account of Donations as Revenue and Legacies as total capital income.

(2) Particulars	1-4-'15	31-3-'16
Rent Due	500	600
Prepaid Rent	700	400
Salaries Due	300	900
Advertisement Due	200	300
Subscription Due	400	800
Subscription paid in Advance	800	1000

- (3) Interest on Investment Rs. 800 though accrued was not actually received.

OR

- 3 Solicitors Rohan and Avik are partners sharing profit and loss in the ratio of 4:1. Their trial balance as on 31-12-2015 is as under : 14

Particulars	Debit Rs.	Credit Rs.
Cash and Bank (Firm)	22,000	
Cash and Bank (Clients)	18,000	
Amount outstanding from clients	1,10,000	
Advance received from clients	-	98,000
Reserve for fees (1-1-2015)	-	70,000
Premium from Article clerk (From 1-1-2013 for 4 years)	-	13,600
General Expenses	35,000	
Salary	12,000	
Bills for fees	-	2,05,000
Debtors for fees	72,000	
Office expenses	13,000	
Books	1,55,000	
Capital and Drawings: Rohan	10,000	60,000
Avik	8,000	60,000
Debtors and Creditors	1,00,000	48,400
	5,55,000	5,55,000

Adjustments :

- (1) An amount of Rs. 8,000 paid on behalf of clients for expenses is included in general expenses. Amount Rs. 5,000 received against expenses incurred for clients has been included in 'Advances received from clients' by mistake.
- (2) 80% amount of bills sent to clients of Rs. 15,000 is to be written off.
- (3) Bills yet not prepared amounted to Rs. 32,000.
- (4) On 1-7-2015 books worth 32,000 were purchased. Charge depreciation at 10% on books.

Solicitors maintain their accounts on Cash basis. Prepare final accounts.

- 4 On 20th May 2016 there was a fire in a super market store. Following information was obtained from its books : 14

Particulars	Amt Rs.
Stock on 1-1 -'15	60,000
Stock on 31-12-'15	1,39,200
During the year 2015 :	
Sales	5,40,000
Purchases	4,44,000
Sales Returns	36,000
Purchase Returns	12,000
Sales from 1-1-'16 to 20-5-'16	2,88,000
Purchase from 1-1-'16 to 20-5-'16	2,13,600
Sales Return from 1-1`16 to 20-5-'16	24,000
Goods withdrawn for personal use	6,000
Goods salvaged from fire	54,000

The super market store had taken a policy of Rs. 97,200. Find the value of goods destroyed by fire and determine the claim amount of Policy.

OR

- 4 Maitrey and Rony are the partners sharing profits and loss in the ratio of 3:2. On the year ending 31-12-'16, their Profit and Loss Appropriation account was as follows. 14

Profit & Loss Appropriation Account

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Particulars	Amt. Rs.	Particulars	Amt Rs.
Interest on Capital (10% Pa)		Net Profit :	
Maitrey 27,000		From Profit	1,21,500
Rony 18,000	45,000	and Loss A/c	
Salary of Maitrey	27,000	Interest on Drawings (12% pa)	
Interest on Loan (Maitrey)	900	Maitrey 1,350	
Interest on Current A/c		Rony 450	1800
Maitrey (10%pa)	2,250	Interest on Current account- Rony(10%pa)	1350
Commission	?		
Divisible Profit :			
Maitrey ?			
Rony ?	?		
	1,24,650		1,24,650

Rony will be given 10% commission on profit after charging his commission.

Maitrey withdrew on 1-7-2016 and Rony on 1-9-2016 cash for personal use.

Prepare partners' Capital accounts and Current Accounts.

Show necessary calculations.

- 5 Vendanshi and Harmi are the partners of a firm. From the following Trial Balance and considering the adjustments stated under, prepare Final Accounts of the firm for the year ended 31-3-'16. 14

Trial Balance as on 31-3-'16

Name of Accounts	LF	Debit Balance Rs.	Credit Balance Rs.
Owners Accounts: Vedanshi		15,000	1,05,000
Harmi		7,500	45,000
Goodwill		15,000	
Patents and Trademark		8,100	-
Creditors - Debtors		93,000	75,000
Goods Accounts		1,20,000	2,62,500
Machinery		45,000	
Stock (On 1-4-'15)		18,000	
Furniture		9,000	
Goods Returned		22,500	15,000
Wages		18,000	
Depreciation on Machinery		900	
Stationery and Printing		4,650	
Building		1,38,000	
Legal Charges		19,500	
Cash Balance		900	
Railway Freight		1,800	
Insurance Premium		3,450	
Bills		12,000	7,500
Bad Debts and Bad Debt Reserve		4,500	6,000
Discount		2,250	4,500
Stamps on hand and Bad Debt Recovered		450	30,000
12% Bank Loan (1-7-'15)		-	5,250
Sales of scrapped goods			
Total		5,59,500	5,59,500

Adjustments :

- (1) Value of closing stock is Rs. 30,000 but the market value of this stock is 50%.
- (2) Legal expenses of Rs. 12,000 paid for the purchase of building is debited to legal charges account.
- (3) Create 5% bad debts reserve on debtors.
- (4) Calculate 10% depreciation on furniture and 5% on building.
- (5) Write off one third (1/3) portion of patents and trademarks.

OR

5 Write the Adjustment entries for the following transactions : **14**

- (1) Outstanding Salary is Rs. 1,500.
- (2) Rent received in advance Rs. 5,000.
- (3) Write off 20% from the Goodwill of Rs. 40,000.
- (4) Brokerage receivable is Rs. 250.
- (5) As per the partnership deed, partner Kratin is entitled to receive special commission on sales at 5%. The sales amounted to Rs. 50,00,000.
- (6) Interest on Loan given by a partner Preksha is due Rs. 350.
- (7) Provide 10% depreciation on Machinery of Rs. 1,00,000.
- (8) Book value of Closing stock of Goods is Rs. 40,000. Out of these, the market value of 20% stock is 20% more.
- (9) Insurance premium paid in advance is Rs. 1500.
- (10) Stock of unused stationery at the end of the year was of Rs. 350.

- (11) Goods returned by a customer of Rs. 1200 is wrongly entered in purchase return book.
- (12) At the end of the accounting year, the balance of the debtors is Rs. 75,000. Out of which debtors worth Rs. 5,000 are bad so write off them. Also provide Bad Debt Reserve at 5% on the Debtors.
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