



MBK-010-001206

Seat No. _____

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

March / April - 2018

Principles & Practice of Accounting - II

(Old Course)

Faculty Code : 010

Subject Code : 001206

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

[Total Marks : 70

- Instructions :** (1) Each question carries equal marks.
(2) All questions are compulsory.
(3) Show working notes as a part of your answer.

- 1 Write short notes on the following : (any **two**) **14**
(1) Meaning and objectives of Accounting Standards
(2) Accounting Standards Board of India
(3) Names of all the Accounting Standards published by ICAI
(4) Procedure for formulating Accounting Standard
- 2 The following information is of Vishnu Ltd. for January 2018 **14**
for goods "Y". Prepare stock register as per FIFO method.

Receipts :

Date	Particulars	Kgs.	Rate per kg. Rs.
2018			
January 5	Purchases	75	7
January 10	Returns from job issued on 7 th	25	—
January 15	Purchases	400	6
January 21	Returns from job	50	7
January 28	Purchases	100	5

Issues :

Date	Particulars	Kgs.
2018		
January 7	Issues	150
January 19	Issues	300
January 24	Issues	100
January 29	Issues	100

Additional Information :

- (1) On 1-1-2018, there was an opening stock of 125 Kgs. at the rate of Rs. 5 per Kg.
- (2) On stock verification, it was found that on 13-1-2018, actual stock was 77.50 Kg.
- (3) Closing stock on 31-1-2018 was 122.50 Kg.

OR

- 2** Khushwant purchases machinery at a cost of Rs. 2,80,000 on 1-1-2014 and spent Rs. 10,000 for carriage and Rs. 10,000 for installation. Depreciation is to be charged at 10% p.a. on reducing balance method. Year ends on 31st December every year.

On 1-7-2016, he sold 1/4th of the machine at 20% more than book value and purchased another machine for Rs. 50,000 on the same day. On 1-1-2017, 1/4th of the machine purchased on 1-1-2014 was sold at 10% less than depreciated value and another machine of Rs. 60,000 was purchased on the same date.

Prepare Machinery A/c for four years from 2014 to 2017.

- 3** From the following information of Manav Sewa Trust, prepare Income and Expenditure Account for the year ended on 31-3-2018 and Balance Sheet as on that date.

Balances as on 1-4-2017 :

Particulars	Amount Rs.
Building	1,00,000
Unpaid salary	3,000
Subscription received in advance	1,000
Subscription due	5,000
10% loan (Credit)	40,000
Capital Fund	1,14,000
12% NSC	50,000

Receipts and Payments Account for the
year ending on 31-3-2018

Receipts	Rs.	Payments	Rs.
To Balance b/f	3,000	By salary	15,000
To subscription		By subscription	
2016-17 5,000		of periodicals	3,000
2017-18 25,000		By general expenses	2,000
2018-19 2,000	32,000	By printing and	
To interest on		stationery	1,500
investments	3,000	By interest on loan	3,000
To entrance fees		By repairing	
(80% capitalized)	4,000	expenses	6,000
To donation		By electricity	
(Capitalized)	8,000	expenses	4,000
To income from		By expenses of	
gatherings	25,000	gatherings	9,000
To sales of old		By addition to	
newspapers	500	building	22,000
To locker rent	1,500	By refreshment	
		expenses	2,500
		By Balance c/f	9,000
	77,000		77,000

Additional Information :

- (1) Subscription of Rs. 3,000 for the year 2017-18 is yet to be received.
- (2) Outstanding salary Rs. 2,000.
- (3) Write off depreciation of Rs. 11,000 on building.
- (4) Electricity expenses due Rs. 1,000.

OR

- 3 Satyam, Shivam, and Sundaram are partners sharing profits and losses in the ratio of 2:2:1 in a solicitor firm. The trial balance as on 31-3-2018 was as under :

Debit Balances	Rs.	Credit Balances	Rs.
Accounts of clients	70,000	Total capital	
Salary	40,000	of partners	5,60,000
Library books	35,000	Total fees	4,10,000
Debtors	1,13,000	Accounts of clients	10,000
Stationery expenses	7,500	Creditors	70,000
Bank	45,000	Sundry expense	
Electricity charges	2,000	ledger of clients	7,500
Office building	5,00,000		
Motor car	1,00,000		
Office expenses	18,000		
Magazine			
subscription	4,000		
Postage	3,000		
Furniture	1,20,000		
	10,57,500		10,57,500

Capital of Sundaram is 50% of Shivam and capital of Shivam is 50% of Satyam. Prepare annual accounts of the firm on cash basis for the year ending on 31-3-2018 from following information :

- (1) Rs. 1,000 paid for clients are included in office expenses.
- (2) Rs. 5,000 received from a client for sundry expenses are credited in advance account of clients.
- (3) Provide 10% depreciation on building, motor-car, furniture and library books."
- (4) Fees to be received Rs. 30,000.
- (5) Allow 10% interest on capital.
- (6) Unfinished work Rs. 15,000 at the end of the year.

- 4 Mahadev keeps his accounts according to single entry system. Prepare his final accounts for the year ended on 31-3-2018 from the following details.

(1) Assets and Liabilities :

Particulars	1-4-2017 Rs.	31-3-2018 Rs.
Furniture	45,000	?
Debtors	48,000	60,000
Creditors	30,000	36,000
Bills receivable	9,000	15,000
Bills payable	6,000	12,000
Stock	33,000	42000
Unpaid salary	1,200	1,800
Prepaid insurance	180	270
Cash balance	4,500	?

(2) Cash transaction during the year 2017-18 :

Particulars	Amount Rs.
Cash received from debtors	2,40,000
Paid for bills payable	18,000
Cash purchases	60,000
Bad debts returned	1,500
Office expenses	22,920
Sales of old furniture (1-10-2017)	9,000
Insurance paid.	1,080
Paid to creditors	2,70,000
Received cash from bills receivable	21,000
Cash sales	1,50,000
Salary paid	18,000
Drawings	18,000
Purchase of 10% investments (1-10-2017)	15,000

(3) Additional Information :

- (1) Discount received Rs. 9,000 and discount allowed Rs. 6,000.
- (2) Bad debts written off Rs. 6,000.
- (3) Bills receivable endorsed to creditors Rs. 3,000.
- (4) Mahadev, the owner of the business, has taken away goods worth Rs. 3,000 for personal use.
- (5) Provide 5% bad debt reserve on debtors.
- (6) Provide depreciation at 20% p.a. on furniture. The book value of sold furniture on 1-4-2017 was Rs. 15,000.

OR

- 4 Shri Ram maintains his accounts as per single entry system. From the following information, prepare trading account, profit and loss account for the ending on 31-3-2018 and balance sheet as on that date.

Assets and Liabilities :

Particulars	1-4-2017 Rs.	31-3-2018 Rs.
Building	20,000	25,000
Furniture	5,000	3,000
Machinery	30,000	30,000
Debtors	30,000	25,000
Creditors	15,000	20,000
Stock	20,000	25,000

Cash transaction during the year 2017-18 :

Particulars	Amount Rs.
Cash in hand on 1-4-2017	5,000
Received from debtors	1,00,000
Cash sales	10,000
General income	1,000
Payment to creditors	60,000
Cash purchases	9,000
Salary	12,000
Wages	5,000
General expenses	3,000
Drawings	3,000

Additional Information :

- (1) Discount received Rs. 1,000 and discount allowed Rs. 2,000.
- (2) Returns inwards Rs. 500 and returns outwards Rs. 1,500.
- (3) Depreciation to be provided on building and furniture Rs. 1,000 and Rs. 500 respectively.
- (4) Keep bad debts reserve at 5% on debtors.
- (5) Interest on capital to be calculated at 5%.

- 5 Rajesh and Mayank are partners in a partnership firm sharing profits and losses in the ratio of 3:2. From the following trial balance and additional information, prepare trading account, profit and loss account, profit and loss appropriation account and balance sheet :

Trial Balance as on 31-3-2018

Particulars	Debit Balance Rs.	Credit Balance Rs.
Purchase and sales	90,000	1,40,000
Debtors and creditors	44,000	20,000
Capital and drawings :		
Rajesh	8,000	60,000
Mayank	11,000	1,00,000
Opening stock and 10% loan	30,000	20,000
Bad debts and bad debts reserve	5,000	3,000
Goods returned	8,000	20,000
Furniture and outstanding salary	40,000	4,000
Cash and bank	16,200	5,000
Bills	5,000	4,400
Building	64,000	-
Depreciation on building	6,000	-
Apprentice premium (for 3 years from 1-10-2017)	-	4,800
Mahajan ligo	6,000	-
Wages	12,000	
Salary	36,000	-
	3,81,200	3,81,200

Additional Information :

- (1) Closing stock was Rs. 16,000 out of which the market value of 10% goods is 20% less.
- (2) Rate of depreciation on building is to be increased to 10% and calculate 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 bad debts and provide 5% bad debts reserve.
- (5) Calculate 8% interest on capital and 10% interest on drawings.

OR

- 5 Varun and Rohan are partners sharing profits and losses in the ratio of 2:1. Their trial balance as on 31-3-2018 is as follows. From the trial balance and adjustments, prepare annual accounts for the year ended on 31-3-2018.

Trial Balance as on 31-3-2018

Debit Balances	Rs.	Credit Balances	Rs.
Current A/c: Varun	2,500	Capital : Varun	50,000
Cash and, bank	15,000	Rohan	50,000
Rent, taxes and insurance	4,500	Current A/c: Rohan	12,000
Bills	10,000	Bills	5,000
Interest	750	Commission	2,200
Advertisement expenses	7,000	Creditors	30,000
Stock (31-3-2018)	60,000	8% Loan (1-7-2017)	25,000
Investments in shares	15,000	Gross profit	59,150
Building	30,000		
Salary	18,000		
Plant and machinery	25,000		
Debtors	30,000		
Outstanding commission	600		
Drawings: Varun	7,500		
Rohan	7,500		
	2,33,350		2,33,350

Additional Information :

- (1) 50% amount of advertisement expenses to be carried forward for next year.
- (2) Provide 6% interest on fixed capital, 5% interest on opening balance of current accounts and 8% interest on drawings.
- (3) Varun is to be paid 5% commission on divisible profit.
- (4) Dividend on investment in shares has been declared at 8%, but not received yet.
- (5) Interest is unpaid on borrowed loan.
- (6) Provide depreciation on building @ $8\frac{1}{3}\%$ and on plant and machinery @ 5%.
- (7) Create reserve for doubtful debtors at 5%.
- (8) Provide 2% reserve for discount on debtors and creditors.