



**DCB-161100010205**

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

**First Year B. B. A. (Sem. II) Examination**

**July - 2022**

**Business Accounting**

*(Old Course)*

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

[Total Marks : 70

- Instructions :** (1) Figures on the right hand side indicate marks.  
(2) Show working notes and calculations as a part of your answer.

- 1 What do you mean by Accounting standards ? What are the benefits of Accounting Standards ? 14

**OR**

Write short notes on any two from the following : 14

- (1) Accounting Standard 1 :  
Disclosure of Accounting Policies  
(2) Accounting Standard 9 :  
Revenue Recognition  
(3) Accounting Standard 10 :  
Accounting for fixed Assets

- 2 Madhav company purchased machinery as follows : 14

Date of Purchase	Cost of Machine (Rs.)
1-4-2020	2,40,000
1-10-2020	1,60,000
1-7-2021	80,000

On 1-1-2022 one third of the machinery which was purchased on 1-4-2020 became obsolete and was sold for Rs. 24,000. 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 2020, 2021 and 2022. Assume that the accounting year of the company ends on 31<sup>st</sup> December every year.

**OR**

- 2 The following are the transactions relating to purchase of raw materials and despatching to the job in the production department of Vinayak factory : 14

Date	Receipts	Quantity	Rate
2022			
January 1	Opening stock	600 kgs	20
January 2	Issued	240 kgs	
January 8	Purchase	800 kgs	22
January 12	Issued	600 kgs	
January 18	Returned from job (2nd Jan)	40 kgs	
January 21	Purchase	1,240 kgs	21
January 29	Issued	440 kgs	

The report of the stock register reveal that there was a shortage of 20 kgs on 31<sup>st</sup> January.

Prepare stock register as per LIFO method.

- 3 From the following Receipts and Payments Account of the Hariom Consultancy Services for the year ending on 31-3-2022, and with additional information. Prepare income and expenditure account and balance sheet as on 31<sup>st</sup> March, 2022. 14

Receipts	Rs.	Payments	Rs.
To Balance b/d	56,000	By Salaries of Office Staff	2,40,000
To Interest on Invest- ments (10% p.a.)	1,60,000	By Honorarium to Legal advisors	1,20,000
To Donation	1,16,000	By Sundry expenses	12,000
To Subscription	4,00,000	By Stationery	20,000
To Charity show receipts	80,000	By Court fee stamps	40,000
		By Computers / Typewriters	80,000
		By Charity Show Expenses	20,000
		By Cash on hand c/d	2,80,000
	<b>8,12,000</b>		<b>8,12,000</b>

**Additional Information :**

Particulars	On 1-4-2021	On 1-4-2022
(1) Subscription due	4,000	8,000
(2) Subscription received in advance	8,000	4,000
(3) Stock of court fee stamps	16,000	24,000
(4) Value of Typewriters Computers	1,68,000	2,40,000
(5) Value of Building	3,20,000	2,88,000

**OR**

- 3 A, B and C are partners in a solicitor's firm sharing 14 profit and loss in ratio of 5:3:2. A trial balance of the firm as on 31<sup>st</sup> March, 2022 is as under :

Debit Balances	Rs.	Credit Balances	Rs.
Rent	20,000	Reserve for	
Office Exp.	60,000	fee (1-4-21)	2,60,000
Book	80,000	Apprentice	
Telephone expenses	1,00,000	Premium	2,80,000
Drawings	1,20,000	Advance for expenses	3,00,000
Sundry Exp.	1,40,000	Capital	4,00,000
Furniture	1,60,000	Fees	6,40,000
Motor-car expenses	1,80,000		
Salaries	2,00,000		
Debtors for fees	2,20,000		
Motor-car	2,40,000		
Cash-Bank	3,60,000		
	<b>18,80,000</b>		<b>18,80,000</b>

**Other Informations :**

- (1) The apprentice was enrolled on 1-4-18 for four years.
- (2) Rs. 20,000 was spent for expenses on behalf of clients but it was recorded as office expenses.
- (3) Work-in progress is Rs. 1,20,000.
- (4) Drawings Ratio between A, B, C is 3:2:1.
- (5) Capital Ratio between A, B, C is as per profit sharing ratio.
- (6) Depreciation :  
Motor car at 25%  
Furniture at 10%  
Books at 5%

From the above informations prepare Final Accounts.

- 4 A sever fire broke out at night on 31-3-2021 in godown of Shri Mahesh. All the goods expecting those worth Rs. 15,000 were destroyed. From the following information, ascertain the loss suffered by him and the amount of claim which can be received from the insurance company. 14

<b>Particulars</b>	<b>Rs.</b>
Stock of goods on 1-4-19 .....	1,98,000
Purchase less return (during the year 2019-20) .....	7,40,000
Sales less return (during the year 2019-20) .....	10,00,000
Stock of goods on 31-3-2020 .....	1,44,000
Purchase less return (upto 31-3-2021) .....	10,80,000
Sales less return (upto 31-3-2021) .....	14,00,000

The closing stock was valued at cost price less 10%.

He had covered the stock by an insurance policy of Rs. 2,00,000.

**OR**

4 Virat Kohli, Mahendrasinh Dhoni and Rohit Sharma are partners, sharing profits and losses in the ratio of 2:2:1. The partnership agreement made by them provides as follows : 14

- (1) Interest on capital is to be allowed at 10% p.a.
- (2) Interest on opening balances of current accounts is to be calculated at 8% p.a.
- (3) Annual salary of Rs. 15,480 and Rs. 8,000 are to be allowed to Virat Kohli and Mahendrasinh Dhoni respectively.
- (4) Interest on Drawings is to be charged at 8% p.a.  
Their fixed capitals are :

Virat Kohli.....	Rs. 1,60,000
Mahendrasinh Dhoni.....	Rs. 1,20,000
Rohit Sharma.....	Rs. 80,000

The balances of their current accounts on 1-4-2021 were as follows :

Virat Kohli (Cr.) .....	Rs. 32,000
Mahendrasinh Dhoni (Dr.) .....	Rs. 24,000
Rohit Sharma (Cr.).....	Rs. 16,000

Virat Kohli has withdrawn Rs. 24,000 on 1-6-2021, Mahendrasinh Dhoni has withdrawn Rs. 18,000 on 1-8-2021 and Rohit Sharma has withdrawn Rs. 16,000 on 1-10-2021. Rohit sharma has given a loan of Rs. 40,000 to the firm on 1-7-2021. There is no agreement about interest on loan. The partners have decided to transfer 20% of the divisible profit to General Reserve. The profit of the firm for the year ending on 31-3-2022 was Rs. 2,40,000 without taking the above adjustment into account.

From the above informations, prepare Profit and Loss Appropriation Account, Partners' Capital Accounts and Partners' Current Accounts.

- 5 Mohan and Madhav were partners sharing profits and losses in the proportion of 3:2 respectively. Their Trial Balance prepared on 31<sup>st</sup> March 2022 showed the following position :

**Trial Balance**

Name of Accounts	Debit (Rs.)	Credit (Rs.)
Sundry Creditors	----	96,904
Plant and Machinery	66,600	----
Plant and Machinery (Addition)	48,000	----
Plant and Machinery (Sold)	----	9,600
Fixtures and Fittings	5,120	----
Sundry Debtors	1,31,488	----
Advertisement	26,496	----
Cash and Bank Balance	16,992	----
Purchases less returns	3,62,336	----
Sales less returns	----	5,37,608
Manufacturing wages	90,544	----
Factory Power	8,592	----
Rent and rates (Office)	1,744	----
Rent and Rates (Factory)	18,768	----
Heating and Lighting	1,704	----
Opening Stock	67,392	----
Factory expenses	3,560	----
Office Salaries	17,560	----
Discount	9,600	----
Carriage inward	3,400	----
Loan from Mahesh @ 5% taken on 1-10-2021	----	20,000
Bad-debts written off	1,672	----
Office Expenses	4,144	----
Mohan Capital Account	----	1,60,000
Madhav Capital Account	----	80,000
Mohan Drawings Account	14,000	----
Madhav Drawings Account	6,000	----
Commission	----	1,600
	<b>9,05,712</b>	<b>9,05,712</b>

You are required to prepare Trading Account, Profit and Loss Account for the year ending on 31<sup>st</sup> March, 2022 and Balance Sheet as on that date after giving effect to the following adjustments :

- (1) The stock was valued at Rs. 1,71,000 on 31<sup>st</sup> March, 2022.
- (2) The Plant and Machinery sold during the year for Rs. 9,600 stood in the books at Rs. 13,800. The remainder of the plant is to be depreciated by 15% and the average date of the purchase of the new machinery may be taken as 1<sup>st</sup> July, 2021.
- (3) Fixtures and fittings are to be depreciated by 7.5%.
- (4) A Reserve for Bad and Doubtful debts is to be made at Rs. 4,000.
- (5) Factory wages Rs. 1,568; Advertisement Rs. 624; Salaries Rs. 800 and Heating and Lighting Rs. 640 were accrued and unpaid on 31<sup>st</sup> March, 2022.
- (6) Interest is to be allowed at 6% on Partners' Capital accounts.

**OR**

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

- (1) Outstanding wages are Rs. 6,000.
- (2) Pre-paid insurance premium is Rs. 10,000.
- (3) Commission Income received in advance is Rs. 20,000.
- (4) Provide 10% depreciation on Machinery costing of Rs. 4,00,000.
- (5) Interest on Drawings is charged @ 5% partner Mr. Ramesh has made Rs. 1,20,000 of drawings.
- (6) Salary of Rs. 20,000 is payable to partner Mr. Kishan.
- (7) Mr. A took the goods worth Rs. 1,000 for his personal use, are recorded as sales.

- (8) At the end of the accounting year, the balance of the debtors is Rs. 3,00,000. Out of which debtors worth Rs. 20,000 are bad so write off them, and also provide bad-debts reserve at 5% on the debtors.
  - (9) Interest on loan given by a partner Virat is due for Rs. 2,000.
  - (10) Stock of unused stationery at the end of the year was Rs. 2,000.
  - (11) Provide for discount reserve at 5% on debtors of Rs. 40,000.
  - (12) Provide for discount reserve at 5% on creditors of Rs. 60,000.
-