



DCB-19BBA205

Seat No. _____

B. B. A. (Sem. II) (CBCS) (W.E.F. 2019) Examination

July - 2022

Business Accounting

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

[Total Marks : 70

- Instructions :** (1) All questions are compulsory.
(2) Figures to the right side indicate marks.
(3) All working notes should form part of your answer.

- 1 Write short notes on the following : (any two) **20**
(i) AS 10 Property, Plant and Equipment.
(ii) AS 20 Earnings per share
(iii) Preparation and Procedure for formulating Accounting Standard.

OR

- Write short notes on the following : (any two) **20**
(i) AS 26 Intangible Assets
(ii) Meaning and Objective of Accounting Standard
(iii) AS 14 Accounting for Amalgamations

- 2 Rahul Ltd., purchased machinery of Rs. 5,00,000 on 1st January 2016, and it was decided to write off depreciation by the fixed instalment method, by charging Rs. 50,000 a year. After writing off depreciation for two years, it was decided to charge the depreciation by written down value method at the rate 20% right from the beginning and to adjust the difference due to this change of method, by writing off the difference to profit and loss account of the third year. Prepare machinery account for the five years. **15**

OR

- The Nona Trading Company discloses the following information of the month of September 2020 : **15**

Aug. 01	Beginning Inventory	300 units	@ Rs. 10 each
Aug. 10	Sales	200 units	@ Rs. 24 each
Aug. 13	Purchases	800 units	@ Rs. 12
Aug. 18	Sales	500 units	@ Rs. 25
Aug. 20	Purchases	500 units	@ 13
Aug. 31	Sales	300 units	@ 27

Assume the Nona Trading Company uses perpetual inventory system, compute cost of goods sold (COGS), ending inventory and gross profit under :

- (a) FIFO method
- (b) LIFO method

- 3 Following is the receipt and payment account of 'Joy' Club for the year ended on March 31, 2020. 20

Receipts	Rs.	Payments	Rs.
To balance b/d	1,05,000	By Salary	1,95,000
To Subscription		By Rent and Taxes	27,000
2018-19	3,000	By Stationery	13,500
2019-20	2,61,000	By Office equipments	90,000
2020-21	1,800	By Sundry expenses	30,000
To Income		By Bank Deposits	75,000
from Seminar	60,000	By Seminar expenses	30,000
To Interest on		By Balance c/d	18,300
Investment	18,000		
To Donations	30,000		
	4,78,800		4,78,800

Other Information :

- (1) There are 450 members in the club and annual subscription is Rs. 600.
- (2) Outstanding salary on 31-3-2019 was Rs. 15,000 and on 31-3-2020 is Rs. 22,500.
- (3) Stationery stock on 31-3-2019 was Rs. 1,500 and on 31-3-2020 is Rs. 2,250
- (4) The office equipments were of Rs. 1,50,000 on 31-3-2019 and on 31-3-2020 they are of Rs. 2,10,000.
- (5) Rate of interest on investment is 12% p.a.
- (6) Interest accrued on bank deposit on 31-3-2019 amounts to Rs. 2,250.

You are required to prepare :

- (a) Income and Expenditure account for the year ended on 31-3-20.
- (b) Balance sheet as on 31-3-200.

OR

The income and expense of Sports Club for the year ending 20 31-3-2020 is as given below :

Income and Expenditure Account

Dr.		Cr.	
Expenditure	Rs.	Income	Rs.
To Rent	6,000	By Subscriptions	52,300
To Stationery and Postage	2,600	By Locker's rent	1,750
To Wages	6,825	By Subscriptions for annual program	10,000
To Repairs	2,375		
To Expenses of annual program	8,450		
To Interest	3,180		
To Depreciation on equipment	5,000		
To Salary	3,000		
To Excess of Income over expenditure	26,620		
	64,050		64,050

In addition, you are given the following information from which you are required to prepare the receipts and payments account of the year ending 31-3-2020.

- (1) Entrance fees Rs. 1,500 have been capitalized.
- (2) Locker's rent Rs. 500 has been received for the previous year and Rs. 250 is still owing for the current year.
- (3) Amount expended on sports equipments Rs. 20,000 has been capitalized.
- (4) Subscription Rs. 750 has been received for the previous year and Rs. 1,250 has been received for 2020.
- (5) Salary unpaid for the current year is Rs. 3,000.
- (6) Closing stock of stationery is Rs. 1,725.
- (7) Opening cash balance was Rs. 2,000.

- 4 (a) Discuss the Advantages and Limitations of Cost Accounting. 5
- (b) Production capacity of Misty Ltd. is upto 10,000 units. Only 40% production capacity has been utilized for production and sales in the year 2020, details of which are as under : 10

Particulars	Amount (Rs.)
Consumption of direct materials	6,00,000
Direct Wages	4,00,000
Factory Overheads (40% variable)	2,00,000
Office Overheads (Fixed)	1,60,000
Selling and Distribution Expenses	2,40,000
Total Sales	20,00,000

For the year 2018, it is estimated that :

- (1) The production and sales will be at its full production capacity.
- (2) Out of selling and distribution expenses, 50% variable expenses which varies with units of sales.
- (3) Last year's rate of profit is to be maintained for the year 2021.

Prepare cost sheet, showing total cost and cost per unit for the year 2020 and 2021.

OR

Raj runs "Kosmos Hotel" in Ahmedabad. He has taken a building on rent Rs. 2,88,000.

Maintenance and repairing expenses have to be borne by him.

Permanent employees in the hotel are as under :

General Manager (one) Monthly salary Rs. 11,600

Supervisor (four) Monthly salary – each Rs. 3,600

Servants / waiters (twenty) monthly salary each Rs. 1,600

For the year ended on 31-3-2006, occupancy of beds were as follows :

Beds	10	20	25	30	35
Days	60	25	100	75	80

Following expenses were incurred during the year :

Particulars	Rs.
Maintenance and repairing expenses (40% fixed) ...	60,000
Meals expenses (30% fixed)	1,72,000
Laundry expenses (25% fixed)	41,600
Home decoration expenses (50% fixed)	64,000
Power – electricity expenses (20% fixed)	40,000
Miscellaneous expenses (40% fixed)	16,000

Total depreciation of fixed assets is calculated as Rs. 6,400.

Depreciation is to be considered as variable expense.

Determine daily rent per bed by assuming 25% profit on total cost.