647510 **1101201E2060** **Seat No: ___________**

B.B.A. Semester - 2 (CBCS) Examination

March/April- 2018

BUSINESS ACCOUNTING

(ELECTIVE)

Time: 2:30 Hours **Marks: 70**

Instructions:

1. All questions are compulsory.
2. Figures to the right indicate marks.

Que-1 Write short notes (Any Two) (14)

1. Benefits of Accounting Standards.
2. Accounting Standard Board in India.
3. Disclosure of Accounting Policies (AS-1)
4. Depreciation Accounting (As-6)

Que-2 X Ltd. purchased a machine on October 1, 2013 at a cost of Rs.1,40,000 and spent Rs.10,000 on its installation. The firm writes off depreciation at 10% of original cost every year. The books are closed on March 31, every year. On June 30, 2016 the machine was sold for Rs.95,000. Prepare Machinery account and Depreciation account for the year 2013-14 to 2016-17 (14)

OR

Que-2 Following are the details of purchases and issues of a spare part "S" during the month of December 2017.

1-1-2018	Opening stock	Nil
1-1-2018	Purchases	100 units @ Rs.30 per unit
15-1-2018	Issues for consumption	50 units
1-2-2018	Purchases	200 units @ Rs.40 per unit
15-2-2018	Issue for consumption	100 units
20-2-2018	Issue for consumption	100 units
1-3-2018	Purchases	150 units @ Rs.50 per unit
15-3-2018	Issue for consumption	100 units

Prepare Stock Ledger and find out value of stock as on 31-3-2018 if the company follows FIFO method.

Que-3 From the following extract of Receipt and Payment account and additional information of a Sports club, you are required to compute income from subscriptions for the year ending on March 31- 2017 and show the items in Income & Expenditure account and Balance sheet. (14)

Receipt and Payment Account for the year ending on March 31-2017.

Receipt	**Amount**	**Payment**	**Amount**
To Subscription:		By Motor car purchased	2,40,000
2015-16	1,800	By Fees paid	2,400
2016-17	10,000		
2017-18	4,000		

Additional information:

1. Subscription outstanding as on March 31, 2016 : Rs.2,000.
2. Subscription outstanding as on March 31, 2017 : Rs.3,000.
3. Subscription received in advance as on March 31, 2016 : Rs.2,000.

OR

Que-3 Mr. Z a structure engineer furnishes the following Trial Balance for the year ending on March 31, 2017. He maintains his accounts on cash basis.

Debit balance	**Amount**	**Credit balance**	**Amount**
Library books	90,000	Capital	3,18,000
Office equipments	60,000	Reserve for outstanding	
Office building	5,00,000	fee (1-4-2016)	30,000
Office expenses	50,000	Bills for fees	8,00,000
Salaries	3,00,000	Salary outstanding	12,000
Bank balance:			
Office	50,000		
Clients	20,000		
Cash on hand	10,000		
Fees outstanding	50,000		
Client's sundry expenses	30,000		
	11,60,000		11,60,000

Additional information:

1. Provide depreciation: Office building: 15%, Library books: 20%, Office Equipments: 10%.
2. Rs.15,000 fees received in advance has been included in bills for fees.
3. Charge interest on capital at 15%.

You are required to prepare P & L a/c for the year ended on 31-3-2017 and a Balance Sheet as on that date.

Que-4 A fire was occurred in the godown of X on august 25, 2017, when a large part of the stock was destroyed. Salvage value of stock was Rs.15,000. X gives you the following information for the period from January 2, 2017 to August 25, 2017: (14)

(1) Purchases : Rs.85,000.
(2) Sales : Rs.90,000.
(3) Goods costing Rs.5,000 were taken by X for personal use.
(4) Cost price of stock on January 2017 was Rs.40,000.

Over the past few years, X has been selling goods at a consistent gross profit margin of 33.33%. The insurance policy was for Rs.50,000. It includes a average clause. X asks you to prepare a statement of claim to be made on the Insurance Company.

OR

Que-4 P and Q are partners. They share profit and loss equally. On 1-4-2016, Their capital were Rs.5,00,000 and Rs.4,00,000 respectively.
Following are the provisions in Partnership Deed.

1. To allow 15% interest on capital and loan to partners.
2. To Pay salary to P Rs.60,000 p.a.

The Profit of the firm of the year ended 31-3-2017 before charging interest on capital and P's salary was Rs.2,40,000.
Drawing of each partner during the year was: P: Rs.24,000 and Q. Rs.30,000, on which interest chargeable is at 18% p.a. for 6 months.

Prepare each Partners Capital accounts and P & L Appropriation account when partners' capital accounts are fluctuating.

Que-5 AB & Co. a partnership firm furnishes the trial balance for the year ended on March 31, 2017 which is as follows. (14)

Debit balances	Amount	Credit balances	Amount
Stock on April 1, 2016	75,000	Sales	3,40,000
Purchases	2,35,000	Discount	3,000
Wages	30,000	Capita: A 60,000	
Carriage Inward	950	B 40,000	1,00,000
Furniture	17,000	Creditors	33,000
Salaries	7,500	Bank Loan (12%)	25,000
Rent	4,000		
Sundry expenses	7,050		
Debtors	27,500		
Plant & Machinery	41,000		
Cash at bank	46,200		
Drawing by A	4,800		
Drawing by B	5,000		
	5,01,000		5,01,000

You are required to prepare the P & L account for the year ended on March 31, 2017 and the Balance Sheet as on that date after taking in to account the information given below.

1. Closing stock Rs.90,000.
2. Provide depreciation on Plant @15% and on furniture 10% p.a.
3. Interest on bank loan is outstanding for 6 months.
4. A is entitled to receive salary Rs.3,000 p.m.
5. Make a provision for doubtful debt Rs.500.
6. Provide interest on capital at 12% P.a.
7. A & B shares profit and loss in the ratio 3 : 2.

OR

Que-5 X and Y are partners in XY & Co. sharing the profits and losses in the ratio of 5:3.

Following terms were agreed upon between the partners.

1. Interest on Capital at 20%.
2. Interest on drawing during the year @ 10%.
3. Salary to X for conducting the business Rs.2,000 p. m.

Following information is available from the accounting year ending on 31-3-2018.

1. Capital of X as on 1-4-2016 : 50,000
2. Capital of Y as on 1-4-2016 : 30,000
3. Fresh capital contributed by X on 1-10-2016 20,000
4. Drawing during the year :
   X : 5,000
   Y : 5,000
5. Net profit during the year ending on 31-3-2017: 1,50,000

Pass necessary journal entries and prepare Profit and Loss Appropriation Account for the year ending on 31-3-2017 when partners' Capital accounts are fluctuating.

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