647510 **BBA2BacC102x** **Seat No :_________**

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

March/April– 2019 (New Course)

Business Accounting(CORE)

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

Instructions:

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

Que-1 Explain the meaning of accounting standards and discuss its objectives. (14)

OR

Que-1 (A) Explain the benefits of accounting standards. (07)

(B) Write a note on depreciation accounting. (07)

Que-2 XYZ Ltd. purchased machinery of Rs.50000 on 1st January 2006 and it was decided to write off depreciation by the fixed installment system by charging Rs.5000 a year. After writing off depreciation for two years it was decided to change the depreciation by the system of Diminishing Balance method at the rate of 20% right from the beginning and to adjust the difference due to this change of method by writing off this difference to profit and loss account of the third year. (14)

Write the machinery account for the five years.

OR

Que-2 The receipts and issues of an item of materials in a factory during march, 2018 are as follows: (14)

2018		
March 1	Opening Balance	150 kgs at Rs.20
March 3	Issued	50 kgs
March 9	Purchase	200 kgs at Rs.21
March 16	Issued	150 kgs
March 18	Return from job	10 kgs
	(out of materials issued on 3rd)	
March 21	Purchase	300 kgs at Rs.19
March 27	Issued	100 kgs

The report of the stock verifier revealed. that there was a shortage of 5 kg on 31st March. Prepare Stock Register under (1) FIFO Method and (2) LIFO Method.

Que-3 The Sun Shine Club presents the following trial balance on 31/3/2018, Prepare an Income and Expenditure Account and Balance Sheet as on the same date: (14)

Debit Balances	Rs.	Credit Balances	Rs.
Office staff salary	10,000	Income from entertainment	
Postage – Telegram exp.	1,200	programme	15,000
Honoraium to secretary	12,000	Interest on investments	2,240
Sundry Expenses	3,200	Subscription	80,000
Repairs	800	Sale of old newspaper	400
Subscription for newspaper	2,700	Entrance fee	3,600
Freeship given from education fund	4,000	Donation	15,600
Education fund investments	30,000	Education fund	30,000
Canteen's Expense	18,500	Income from education	
Expenses for entertainment programme	9,100	and investment	2,800
Purchase of sport equipments(1/1/17)	11,600	Canteen's income	26,000
Purchase of furniture(1/10/17)	5,000	Sundry receipts	1,860
Sports equipments	55,000	Capital fund	1,35,000
Investments	22,400		
Fixed deposit in bank	20,000		
Building	90,000		
Furniture	12,000		
Cash balance	5,000		
	3,12,500		3,12,500

Additional informations:

(1) Honorarium to secretary outstanding Rs.3,000.
(2) Subscription due Rs.5,000 and subscription received in advance Rs. 6,000.
(3) Half of the entrance fees is capitalised.
(4) Interest due on education fund investments is Rs.200.
(5) Provide depreciation at 10% on sports equipments and 6% on furniture per annum.

OR

Que-3 Solicitor Virat submits to you the following trial balance for his financial year ending on 31/3/2018. (14)

Prepare his final accounts:

Debits Balances	Rs.	Credit Balances	Rs.
Library books	45,000	Capital	50,000
Office equipments	30,000	Reserve for outstaindg fees(1/4/17)	16,000
Office building	75,000	Bills of fees	1,96,000
Office expenses	25,000	Apprentice preimium	
Salary and Allowances	30,000	(received on 1/4/17 for two years)	10,000
Bank Balance:		Outstanding salary	6,000
Office	20,000		
Clients	10,000		
Cash on hand	3,000		
Debtors for fees	25,000		
Client's sundry expenses	15,000		2,78,000
	2,78,000		

Adjustments:

(1) Rs. 6000 fee received in advance from clients is wrongly included in bills of fees.
(2) Office expenses of Rs.1,000 is induded in sundry expenses for clients by mistake
(3) Interest is to be counted at 20% on capital.
(4) Depreciate at 10% on office building, office equipment and library books.

If Dhoni is to join in partnership with Virat in the coming year and if the bills of fees not prepared are estimated Rs.10,000, find out profit.

Que-4 A and B were partners sharing profit and losses in the ratio of 2:1 on 1st Jan.2010, their capitals were Rs. 50,000 and Rs. 40,000 respectively, According to Partnership Deed 15% interest on partner's capital was to be allowed and B was to be credited with salary of Rs. 10,000 p.a. (14)

The profit of the firm of the year ending 31st Dec. 2010 before charging interest on partner's capitals and B's salary was Rs. 36,500. B had not withdrawn his salaries.

They withdrew Rs. 6000 each during the year.

The interest is to be calculated on partner's drawings as under A Rs. 300, B Rs. 300.

They have decided to contribute Rs. 1600 to Flood Relief Fund.

Prepare partner's capital accounts and profit and loss appropriation account from the information given below:

(a) When partner's capital accounts are fluctuating and
(b) When capital accounts are fixed.

OR

Que-4 The following balances are extracted from the books of Aamir and Salman. Prepare final accounts for the year ended 31/3/2018. (14)

Particulars	Amt	Particulars	Amt
Stock (1/4/2017):		6% loan from Raj taken	
Row materials	6,000	on 1-12-2017	10,000
Work-in-progress	4,500	Factory Building	17,200
Finished Goods	10,000	Careriage Inward:	
Purchases:		Raw materials	400
Raw materials	28,000	Finished Goods	200
Finished Goods	8,000	Rent and taxes	3,000
Plant and Machinery	21,000	Wages	9,000
Leasehold land		Gas and water	1,000
(Lease expires on 31/3/2022)	10,000	Salary	4,000
Machinery repairing	800	Purchase Return:	
Royalty	1,200	Raw materials	4,000
Insurance premium	600	Finished goods	500
Octroi and customs duty	200	Debtors	12,000
Advertisement	400	Creditors	8,800
Bad debts Reserve	912	Sales	70,000
Capital A/cs: Aamir	30,000	Cash	1,412
Salman	20,000	Stationery and printing	500
		Drawings: Aamir	3,000
		Salman	1,800

Adjustments:

(1) The stock was valued on 31st March, 2018 as follows:
Raw materials Rs.6,500, Work in Progress Rs. 3,500, Finished Good Rs. 9,000.
(2) Closing stock of stationary Rs. 100 is included in closing stock of finished goods.
(3) Good of Rs. 500 returned by a customer is not recorded in the books, but is included in closing stock.
(4) Rent and taxes are to be appointed as: Factory $2/5$ and office $3/5$
(5) On 1/4/2017 Machinery of Rs. 1000 was sold for Rs. 800 but is recorded as sale of goods
(6) Machinery worth Rs. 2,000 was purchased on 1/10/2017, but was wrongly recorded as sale of goods in the books.
(7) Provide depreciation on machinery at 10%.
(8) Bad debt reserve to be kept at 1% on sales
(9) Aamir and Salman divide profits and losses in the ratio of capitals.

Que-5 Mahadev Dalsaniya furnishes you the following information in respect of his business: (14)

Particulars	1/4/2017 (Rs.)	31/3/2018 (Rs.)
Debtors	(?)	1,12,500
Stock	65,250	78,750
Cash and bank	1,04,250	39,750
Plant	42,000	34,500
Furniture	16,500	16,500
Creditors	45,000	70,500
Outstanding expenses	3,750	6,000

Additional information:

Particulars	Rs.	Particulars	Rs.
Payment to creditors by cash	47,250	Cash purchases	15,750
Total sales	5,18,250	Payment to creditors by cheque	4,00,500
Discount allowed	5,250	Drawings by cheque	31,500
Cash in hand(31/3/2018)	16,500	Cash drawings	11,250
Cheque received from debtors	3,24,000	Cash deposited into bank	1,16,250
Cash received from debtors	1,52,250	Expenses paid by cheque	26,250
Cash withdrawn from bank	33,750	Baddebts written off	3,750
Expenses paid in cash	25,500	Discount earned	1,500

From the above information, prepare the trading and profit and loss account of Mahadev Dalsaniya for the year ending 31/3/2018 and a Balance Sheet as on the date.

OR

Que-5 Shri Madhur had taken a policy of loss of profit for Rs. 1,03,600 with indemnity period of 4 moths. His financial year closes on 31st December. From the information given below, prepare statement of loss of profit to be submitted to insurance company.

(1) Date of fire 1/5/2016

(2) Net profit of last financial year was Rs. 70,000 and insured fixed expenses were Rs. 1,50,000.

(3) The figures of sales for four months period ending on 30th April, 31St August and 31st December were as under:

2015: Rs. 3,75,000, Rs. 4,50,000, Rs. 1,75,000.

2016: Rs. 3,00,000, Rs. 75,000.

(4) There will be decrease of sales by 20% in the year 2016 as against 1996 and rate of profit will be decreased by 2% in 1997 as compared to 1996.

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