647510 **BBA2BacC102x** **Seat No :________**

B.B.A. Semester - 2 (*CBCS*) Examination
June/July-2022 [NEW COURSE]
Business Accounting(CORE)

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

Instructions:

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

Q.1 Explain the meaning of accounting standards and discuss its objectives? (14)

OR

Q.1 Write a short note on Accounting standards board.

Q.2 Ms Ltd. Writes off depreciation at 10% p.a. on diminishing balance. On 1st January 2010 the machinery account showed a balance of 4,86,000. During the year 2010, part of machinery purchased on 1st January, 2008 for Rs. 40,000 was sold for Rs. 22,500 on 1st July, 2010 and a new machinery was purchased at a cost of Rs. 78,000 and installed on the same date, the installation charges being Rs. 5000. The company changed its method of depreciation from diminishing balance method to straight line method with effect from 1st January, 2008 and wants to adjust the difference in the accounts for 2010. The rate of depreciation remains the same as before. Prepare machinery and ascertain the amount chargeable to profit and loss account as depreciation in the year 2010. (14)

OR

Q.2 The details of sales – purchase of goods XYZ by Khush Ltd. During the year December 2019 was as follows.

1/12/19 – opening stock 200 Kg @ 4.50 per Kg.

5/12/19 – purchase 100 Kg @ 5 Per Kg.

10/12/19 – Sales 170 Kg.

15/12/19 – Sales return 20 Kg, from sales dated 10/12/19.

20/12/19 – Purchase 200 @ 5.20 per Kg.

24/12/19 – Sales 300 Kgs.

28/12/19 – Purchase 80 Kgs @ 5.40 per Kg.

During inspection on 31st December, 2019 a shortage of 10 Kg was detected. Find out value of stock as on 31st December, 2019. If the company follows.

(1) FIFO method.
(2) LIFO method.

Q.3 The Sun-Shine club presents the following trail balance on 31/03/2010. Prepare income and Expenditure account and balance sheet on the same date: (14)

Debit Balance	Rs.	Credit Balance	Rs.
Office staff salary	10,000	Income from entertainment programme	15,000
Postage-Telegram Expense	1,200	Interest on investments	2,240
Honorarium to secretary	12,000	Subscription	80,000
Sundry expenses	3,200	Sale of old newspapers	400
Repairs	800	Entrance fees	3,600
Subscription for newspaper	2,700	Donation	15,600
Freeship given from education fund	4,000	Education fund	30,000
Education fund investments	30,000	Income from education fund investment	2,800
Canteen expenses	30,000	Canteen income	26,000
Expenses for entertainment prog.	9,100	Sundry receipts	1,860
Purchase of sports equipments (1/1/09)	11,600	Capital fund	1,35,000
Purchase of furniture (1/10/09)	5,000		
Sports equipments	55,000		
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 information:

(1) Honorarium to seceratary outstanding Rs. 3,000.
(2) Subscription due Rs. 5,000 and subscription received in advance Rs. 6000.
(3) Half of the entrance fees is capitalized.
(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

Q.3 PQR is a soliciter's firm, where PQ and R are partners sharing profits and losses in the ratio of 50%, 30% and 20%. Trial balance of the firm on 31/03/2013 is as under.

Debit	Amount (Rs.)	Credit	Amount (Rs.)
Rent	2,500	Reserve for fees (01/04/2012)	32,500
Office expenses	7,500	Apprentice Premium	35,000
Books	10,000	Advance for expenses	37,500
Telephone expenses	12,500	Capital	50,000
Drawings	15,000	Fees	80,000
Sundry expenses	17,500		
Furniture	20,000		
Motor car expenses	22,500		
Salaries	25,000		
Debtors for fees	27,500		
Motor car	30,000		
Cash bank	45,000		
	2,35,000		2,35,000

Additional information:

(1) The apprentice was enrolled on 01/04/2009 for four years.
(2) Rs. 2500 was spent for expenses on behalf of clients, but it was recorded as office expenses.
(3) Work in progress is Rs. 15,000.
(4) Drawing ratio among P, Q and R is 3:2:1.
(5) Capital ratio among P, Q and R is as per profit and loss sharing ratio.
(6) Depreciation on motor car 25%, furniture 10%, books at 5%.

Prepare final accounts of P, Q and R.

Q.4 Shri Kohli had taken a policy of loss of profit for Rs. 1,03,600 with indemnity period of 4 months. His financial year closes on 31st December. From the information given below, prepare statement of loss of profit to be submitted to insurance company. (14)

(1) Date of fire 01/05/2016.
(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 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 2015 and rate of profit will be decreased by 2% in 2016 as compared to 2015.

OR

Q.4 Shri Arjun kept his account books on single entry method. He acquired a retail business with Rs.4,000 of his own, and Rs. 2000 lent to him by his wife on 1st April, 2009. Of the acquisition price Rs. 1500 were attributed to goodwill. Rs. 500 to furniture, Rs. 3500 to stock and Rs. 500 was retained as working capital of which Rs. 400 were paid into the bank. During the year his takings amounted to Rs. 23,000 of which Rs. 21,800 were paid into bank, the balance being in part utilized for cash payments.

The payment out of bank and cash during the year were as under.

Purchases	Rs. 15,600
Salary	Rs. 500
Wages	Rs. 1640
Trade expenses	Rs. 720
Drawings	Rs. 2,400
Rent & rates : personal	Rs. 296
Business	Rs. 592
Payments made for domestic purposes	Rs. 240

At the close of the year his stock was worth Rs. 3750. He owed to sundry creditors for goods Rs. 1350

And there was owing to him for goods Rs. 1,500. The balance at the bank was Rs. 550.

Provide 5% for depreciation on furniture, interest at the rate of 5% per annum on wife's loan and Rs. 100 for doubtful debts.

Prepare: cash account, bank account, profit & loss account and balance sheet as on 31st March 2010.

Q.5 Tom, Dick and Harry are partners sharing profits and losses in the ratio 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% per annum.
(3) Annual salaries of Rs. 3,870 and Rs. 2,000 are to be allowed to Tom and Dick respectively.
(4) Interest on drawings is to be charged at 8% p.a.

Their fixed capitals are Rs. 40,000, Rs. 30,000 and Rs. 20,000 respectively. The balances of their current accounts is as follows:

Tom Rs. 8000 (Credit) Dick Rs. 6,000(Debit) & Harry Rs. 4000 (Credit)

Tom has withdrawn Rs. 6000 on 1/6/2009, Dick has withdrawn Rs. 4500 on 1/08/2009 and Harry has withdrawn Rs. 4000 on 1/10/2009. Harry has given a loan of Rs. 10,000 to the firm on 1/7/2009. There is no agreement about interest on loan. The partners has decided to transfer 20% of the divisible profit to general reserve. The profit of the firm for the year ending 31/3/2010 was Rs. 60,000 without taking the above adjustment into account.

From the above information, prepare profit and loss appropriation account, partners capital account and partners current account.

OR

Q.5 Two doctors Chagan and Magan run a hospital in partnership. They share profit and losses as follows. Halfs the profit equally and remaining half in capital proporation. Their trial balance as on 31/03/2010 was as follows.

Particulars	Debit Rs.	Credit Rs.
Chagan's capital and drawings	18,000	1,50,000
Magan's capital and drawings	12,000	1,00,000
Staff salaries	45,000	-
X-ray machine	2,00,000	-
Fees received from patients		5,00,000
Purchases of medicines	70,000	-
Electricity	37,000	-
Motor car	80,000	-
Miscellaneous expenses	20,000	-
Rates and taxes	5,000	-
Repairs to equipments	10,000	-
Medical equipments	50,000	-
Furniture	40,000	-
Buildings	1,50,000	-
Stock of medicines (1/4/2009)	25,000	-
Cash on hand	3,000	-
Cash at bank	15,000	-
Creditors	-	60,000
Fees receivables from patients	30,000	-
Total	8,10,000	8,10,000

Additional information:

(1) Bills for fees not prepared Rs. 52,000.
(2) Interest at 10% per annum is to be allowed on capitals of partners and is to be charged in drawings for 6 months at 10% per annum.
(3) Depreciation is to be provided at 5% on buildings and at 10% on furniture.
(4) The closing stock on medicines amounted to Rs. 20,000.
(5) Purchase of medicines of Rs. 5000 has not been recorded in the books but has been included in the closing stock.
(6) Assuming that the doctors keep their accounts on mercantile basis prepare their final accounts for the year ending 31/03/2010.

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