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BBABMC 157/BBMBMC 157

Credit Based II Semester B.B.A./B.B.M. Degree Examination, September 2022
(2012 Scheme)
ACCOUNTING – II

Time : 3 Hours

Max. Marks : 80

Instruction : Show working notes **wherever** necessary.

SECTION – A
(1 Mark each)

(10×1=10)

Answer **any ten** of the following.

1. a) What is meant by revenue receipt ?
b) Give the meaning of capital fund.
c) What is meant by Honorarium ?
d) Give the meaning of over-riding commission.
e) What is non-recurring expenses ?
f) Write entry to be passed for recording the abnormal losses.
g) Give two examples for recurring expenses incurred by consignee.
h) Write the purpose for which sacrifice ratio is calculated.
i) What is revaluation account ?
j) What is meant by gain ratio ?
k) Write the meaning of piecemeal distribution of cash.
l) What is Partnership Deed ?

SECTION – B
(5 Marks each)

(5×5=25)

Answer **any five** of the following questions.

2. What are the difference between revenue expenditure and deferred revenue expenditure ?
3. Calculate the amount of salaries to be debited to the income and expenditure account of 2020 from the details given below :

1) Payment of salaries during 2020	12,000
2) Outstanding salaries as on 31-12-2019	500
3) Outstanding salaries as on 31-12-2020	800
4) Prepaid salary as on 31-12-2019	300
5) Prepaid salary as on 31-12-2020	400

P.T.O.



4. Prepare realization account from the following information.

Balance Sheet of ABC firm as on 31-12-2019

Liabilities	Rs.	Assets	Rs.
Creditors	12,000	Cash in hand	5,000
Bank loan	5,000	Debtors	8,000
A's loan	8,000	(-) Reserves	<u>400</u>
Capital		Stock	12,400
A	20,000	Furniture	5,000
B	15,000	Motor van	15,000
C	10,000	Buildings	25,000
	70,000		70,000

The assets realized as follows

	Rs.
Buildings	28,000
Motor van	13,000
Furniture	6,000
Stock	14,000
Debtors	7,800
Goodwill	3,000

The expenses of realization amounted to Rs. 600. The sundry creditors and loan were paid in full. An outstanding liability of Rs. 200 not included in the Balance Sheet was also paid off.

5. Prepare statement showing surplus capital.

X, Y, Z were partners sharing profit and losses in the ratio of $\frac{1}{2}$, $\frac{1}{3}$ and $\frac{1}{6}$ respectively. The partnership was dissolved on 31-3-2021 when the position was as follows :

Secured creditors	35,000	Machinery	40,000
Unsecured creditors	25,000	Stock	32,000
General reserves	15,000	Debtors	44,000
X's capital	34,000	Cash	8,000
Y's capital	16,000	Profit and Loss A/c	3,000
Z's capital	2,000		
	1,27,000		1,27,000



The realization and expenses were :

Month	Assets Rs.	Expenses Rs.
May	24,000	2,000
June	38,000	3,600
July	20,000	1,400
August	23,000	2,000
September	16,200	2,000

6. K, V and M are partners sharing Profit and Loss in the ratio of 3 : 1 : 1. 'M' retires and her share is purchased by 'V'. Find out the NPSR of 'K' and 'V'.
7. 1000 bicycles were consigned by 'R' to 'N' at invoice price of Rs. 150 each. 'R' paid freight of Rs. 10,000 and insurance of Rs. 1,500. During transit 100 bicycles were totally damaged. N took delivery of remaining bicycles and paid Rs. 14,400 for customs duty. Calculate value of goods destroyed by fire and value of closing stock, if 'N' sold 800 bicycles.
8. Give the meaning of joint life policy. What entries we need to pass in connection with joint life policy under third method ?
(Recording transactions relating to joint life policy by maintaining joint life policy account at its full value together with joint life policy reserve account).

SECTION – C
(15 Marks each)

(3×15=45)

Answer **any three** of the following.

9. Following is the Receipts and Payments A/c and Balance Sheet of Karnataka Sports Club, Bangalore.

Balance as on 31-12-2020			
Liabilities	Rs.	Assets	Rs.
Outstanding Salary	1,600	Cash	26,200
Outstanding Rent	400	O/S ing subscription	2,400
Subscription received		Investment	2,600
in advance	2,000	Sports material	21,800
Capital fund	65,400	Furniture	16,400
	69,400		69,400



Receipts and Payment Account as on 31-12-2021

To balance b/d	26,200	By rent	
To subscription		2020 400	
2020 2,400		2021 <u>4,400</u>	4,800
2021 45,100		By salary	
2022 2,100	49,600	2020 1,600	
To Donation	16,200	2021 23,200	
To Entrance fees	32,600	2022 <u>1200</u>	26,000
To Interest	1,400	By printing	7,600
To Sale of Old Sports		By General expenses	5,400
materials	1,000	By Furniture	24,000
(original cost Rs. 8,000)		By Sports material	28,800
		By Balance C/d	30,400
	1,27,000		1,27,000

Adjustments :

- 1) Subscription outstanding Rs. 2,800.
- 2) Unpaid printing Rs. 500.
- 3) Interest accrued Rs. 400.
- 4) Depreciation furniture by 10% and Sports materials by 10%. Capitalize 50% of donations.

Prepare – Income and Expenditure account and Balance Sheet.



10. Hari consigns to Madhu 40 cases of goods at a cost of Rs. 5,000 per case and incurs the following expenses in connection with the same, Viz., carriage Rs. 940, freight Rs. 3,480 and insurance Rs. 12,800. On arrival of the goods, Madhu pays cleaning charges Rs. 3,120, cartage Rs. 960 and godown rent Rs. 200. Six cases are destroyed by the fire and sum of Rs. 30,000 is realized from insurance company by way of compensation. Out of remaining 34 cases, 24 are odd at a total price of Rs. 2,20,000.

Madhu entitled to an ordinary commission of 5% and 2% del creders on sales in addition to reimbursement of expenses incurred. He sends to Hari an account sales together with a bank draft for the balance due to Hari. Prepare consignment account and Madhu's account in the books of Hari.

11. Balance Sheet as on 31-12-2021 of R,K and P who were sharing profits and losses in the ratio of 2 : 3 : 5.

Liabilities	Rs.	Assets	Rs.
Capitals		Cash	18,000
R	36,000	Bills receivable	24,000
K	44,000	Furniture	28,000
P	52,000	Stock	44,000
Creditors	64,000	Debtors	42,000
Bills payable	32,000	Investment	32,000
Profit and Loss A/c	14,000	Machinery	34,000
		Goodwill	20,000
	2,42,000		2,42,000



They admit 'S' into partnership on the following terms :

- 1) Furniture, investment and Machinery to be reduced by 15%.
- 2) The value of stock to be taken at Rs. 48,000.
- 3) Goodwill to be valued at Rs. 24,000.
- 4) 'S' to bring Rs. 32,000 towards capital for $\frac{1}{6}$ th share and old partners to adjust their capitals accordingly.
- 5) Outstanding sent amounted to Rs. 1,800.
- 6) Prepaid salaries Rs. 800.
- 7) Adjustment of capitals to be made by cash.

Prepare revaluation account, capital account of the old partners, cash account and the Balance Sheet of the new firm.

12. 'B', 'W' and 'D' are partners in a business sharing Profit and Losses in the ratio of 2 : 2 : 1 respectively. Their Balance Sheet as on 31-12-2017 was as follows :

Liabilities	Rs.	Assets	Rs.
Creditors	50,000	Cash at Bank	10,000
Capital A/cs		Bills receivable	15,000
B-30,000		Debtors	40,000
W-50,000		Stock	30,000
D- <u>20,000</u>	1,00,000	Furniture	15,000
		Buildings	40,000
	1,50,000		1,50,000

'B' died on 30th April 2017 and partnership deed provided inter alia the followings :

- a) The deceased partner will be entitled to his share of profits upto the date of death, calculated on the basis of previous year's profits.



- b) He will be entitled to his share of goodwill of the firm on the basis of 3 years purchase of average profits of the last 4 years. The profits of the last four years are given below.

Year	Rs.
2014	80,000
2015	50,000
2016	40,000
2017	30,000

The drawings of the deceased partner upto the date of his death amounted to Rs. 2,000. Interest on capital was to be allowed at 6% p.a. The executor of the deceased partner and the surviving partners agreed that Rs. 5,400 should be paid to the executors immediately and the balance in 3 yearly instalments with interest at 6% on the outstanding balance.

Show the account of the executors of the deceased until it is paid off.
