



12

Reg. No.

--	--	--	--	--	--	--	--	--	--



BBMBMC 157

**Credit Based Second Semester B.B.M. Degree Examination, April/May 2013
(2012-13 New Scheme)**

ACCOUNTING – II

Shri Dharmasthala Maranatheshwara
College of Business Management Library
MANGALORE - 575 003

Time : 3 Hours

Max. Marks : 80

- Instructions :** 1) A single answer booklet containing **40** pages will be issued.
No additional sheets will be issued.
2) Provide working notes **wherever** necessary.
3) Follow the instructions **strictly**.

SECTION – A

Answer **any ten** of the following in **one** or **two** sentences **each** : **(1×10=10)**

1. a) What do you mean by legacies ?
- b) What is meant by dissolution of a partnership firm ?
- c) What is a joint life policy ?
- d) State the treatment of entrance fees.
- e) What is del credere commission ?
- f) What is Scarifice ratio ?
- g) What is consignment ?
- h) What is partnership deed ?
- i) How do you value closing consignment stock ?
- j) What is realisation account ?
- k) What is meant by Revenue expenditure ?
- l) What is piecemeal distribution of cash ?

P.T.O.



SECTION – B (5 marks each)

Answer any five of the following :

(5×5=25)

2. How will you deal with the following items in case of a non-trading concern ?
 - a) Life membership fees received.
 - b) Sale proceeds of old tennis balls.
 - c) Cost of installing lights and fans.
 - d) Prizes awarded to students on the college day.
 - e) Donations received for constructing a swimming pool.

3. Nitesh, Nithin and Nishanth are partners sharing profits and losses in the ratio of 2 : 3 : 4. Nithin retires and the goodwill of the firm is valued at Rs. 1,08,000. No goodwill appears as at in the books of the firm. Assuming that Nithesh and Nishanth will share future profits in the ratio of 3 : 5, pass journal entries to record goodwill if it is not allowed to remain in the books. Also calculate gain ratio of Nithesh and Nishanth.

4. Reena, Meena and Teena are partners who share profits in the ratio of 3 : 2 : 1. Their Balance sheet as on 31-12-2012 was as under.

Liabilities	Amount	Assets	Amount
	Rs.		Rs
Capital		Sundry Assets	4,00,000
Reena	60,000		
Meena	1,00,000		
Teena	<u>1,00,000</u>		
	2,60,000		
Creditors	1,40,000		
	4,00,000		4,00,000



The firm was dissolved and assets realised as follows :

I realisation – Rs. 1,00,000

II realisation – Rs. 60,000

III realisation – Rs. 1,20,000

IV realisation – Rs. 60,000

Final realisation – Rs. 30,000

Prepare statement of piecemeal distribution of cash according to surplus capital method.

5. How will you deal with the following items in the Income and Expenditure Account and Balance Sheet of a sports club as on 31-12-2012.

Subscriptions received during 2012 →	25,000
Subscriptions outstanding 31-12-2011	5,000
Subscriptions outstanding 31-12-2012	10,000
Subscriptions received in advance as on 31-12-2011	10,000
Subscriptions received in advance as on 31-12-2012	5,000

6. A, B and C are partners sharing profits in the ratio of 3 : 2 : 1. The Balance Sheet of the firm as on 31-12-2011 was as under.

Liabilities	Rs.	Assets	Rs.
Sundry creditors	60,000	Bank	76,000
Bills payable	32,000	Stock	32,000
Reserve	48,000	Bills receivable	20,000
Capital		Debtors	80,000
A	1,60,000	Furniture	1,20,000
B	1,40,000	Buildings	1,72,000
C	<u>60,000</u>		
	5,00,000		5,00,000



- B died on 1-9-2012. His dependents were entitled for the following
- His capital as on the date of death.
 - Annual commission of Rs. 20,000.
 - Interest on capital at 6% p.a.
 - His share of goodwill. The goodwill of the firm is valued at 3 years purchase of average profits of last 3 years. Such profits were 2009 Rs. 40,000, 2010 Rs. 56,000 and 2011 Rs. 48,000.
 - Share in profits till the date of death based on the profits of the year just prior to death.

Prepare B's Executors Account.

- What is consignment account ? What are the differences between consignment and sale ?
- State the different methods of dealing with goodwill on the retirement of a partner.

SECTION – C (15 marks each)

(15×3=45)

Answer any three of the following :

- Following is the Receipts and Payments Account of Lalitha Kala Club for the year ended 31-3-2012.

Receipts	Rs.	Payment	Rs.
To Cash at bank	62,500	By Salaries	12,500
To Subscriptions	2,62,500	By Stationery	6,250
To Annual day receipts	1,34,000	By Annual day expenses	57,500
To Drama receipts	1,12,500	By Drama expenses	50,000
To Dividend	12,500	By Telephone	12,500
		By Sundry expenses	10,000
		By Shares purchased	3,75,000
		By Postage	11,000
		By Building repairs	31,700
		By Bank Balance	17,550
	5,84,000		5,84,000



The following information is furnished

- a) The building is valued at Rs. 2,50,000 on 1-4-2011, charge depreciation at 5%.
- b) There are 200 members each paying Rs. 1,250 per annum as subscription.
- c) On 1-4-2011 no subscription was received in advance, but Rs. 5,000 was outstanding. As on 31-3-2012 subscription outstanding was Rs. 7,500.
- d) Postage stamps worth Rs. 1,250 were with the secretary on 1-4-2011 and at the end of the year their value was Rs. 750.
- e) The investments in shares at the beginning was to the extent of Rs. 25,000.
- f) The theatre rent of Rs. 12,500 is yet to be paid.

Prepare Income and Expenditure A/c for the year ended 31-3-2012 and the Balance Sheet as at 31-3-2012.

- 10. Nagraj of Kolkatta consigned 100 radio sets costing Rs. 500 each to Ramlal of Patna. The invoice was made proforma at Rs. 600 per set. Ramlal was entitled to a commission of 7½% on sales plus 2½% delcredere commission and 10% of any profit that may remain on the basis of the invoice price. Ramlal was to bear all expenses incurred after the goods reached his godown.

While sending the goods, Nagraj paid Rs. 1,500 as forwarding expenses and insurance. In transit 10 radio sets were damaged and Nagraj received Rs. 4,000 from the insurance company. Ramlal took delivery of the remaining radio sets paying Rs. 4,500 as freight, cartage etc. Ramlal sold 70 radio sets at Rs. 800 each, 30 of them on credit, out of which the proceeds of 3 radio sets could not be recovered because of the disappearance of the customers. He had Rs. 500 as storage and selling expenses. Ramlal sent a bankdraft for the amount due to Nagraj. Show the important ledger accounts in the books of both the parties.

- 11. Kiran, Karan and Karthic were partners in a firm sharing profits and losses in the ratio of 5 : 3 : 2. Due to difference of opinion they decided to dissolve the partnership with effect from 1st April 2012 on which date the firm's position was as under.

Liabilities		Rs.	Assets	Rs.
Capital			Plant	1,60,000
Kiran	1,36,000		Furniture	90,000
Karan	1,00,000		Motor car	50,000
Karthic	<u>54,000</u>	2,90,000	Stock	60,000



Reserve	30,000	Sundry debtors	1,42,000
Sundry creditors	2,40,000	Cash at Bank	58,000
Mrs. Kiran's loan	40,000	Cash in hand	40,000
	6,00,000		6,00,000

The following information is given :

- Plants costing Rs. 80,000 was taken over by Kiran at an agreed valuation of Rs. 90,000 and the remaining plant realised Rs. 1,00,000.
- Furniture realised Rs. 80,000.
- Motor car was taken over by Karan for Rs. 60,000.
- Sundry debtors included a bad debt of Rs. 3,000 and the rest was realised subject to a cash discount of 10%.
- Stock of Rs. 10,000 was taken over by Karthic for Rs. 11,000 and the rest realised at 20% above their book value.
- A creditor for Rs. 10,000 was untraceable and other creditors accept payment allowing 15% discount.
- Mrs. Kiran's loan was repaid together with interest of Rs. 2,000.
- Realisation expenses amounted to Rs. 10,000.

You are required to close the books of the firm.

12. Balance Sheet as on 31-12-2012 of Ramesh, Kumar and Papu who were sharing profits and losses in the ratio of 2 : 3 : 5.

Liabilities	Rs.	Assets	Rs.
Capitals		Cash	18,000
Ramesh	36,000	Bills receivable	24,000
Kumar	44,000	Furniture	28,000
Papu	52,000	Stock	44,000
Creditors	64,000	Debtors	42,000
Bills payable	32,000	Investments	32,000
P & L A/c	14,000	Machinery	34,000
		Goodwill	20,000
	2,42,000		2,42,000



They admit Shilpa into partnership on the following terms.

- a) Furniture, investments and machinery to be reduced by 15%.
- b) The value of stock to be taken at Rs. 48,000.
- c) Goodwill to be valued at Rs. 26,000.
- d) Shilpa to bring Rs. 32,000 towards capital for $\frac{1}{6}$ share and old partners to adjust their capitals accordingly.
- e) Outstanding rent amounted to Rs. 1,800.
- f) Prepaid salaries Rs. 800.
- g) Adjustments of capitals to be made by cash.

Prepare Revaluation Account, Capital Accounts of the old partners, Cash Accounts and Balance Sheet of the new firm.

Shri Dharmasthala Manjunathechwar
College of Business Management Library
MANGALORE - 575 003