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BBABMC 157/BBMBMC 157

Credit Based II Semester B.B.A./B.B.M. Degree Examination, April/May 2018
(2012 Scheme)
ACCOUNTING – II

Time : 3 Hours

Max. Marks : 80

Instruction : Show working notes wherever necessary.

SECTION – A (1 Mark each)

1. Answer **any ten** of the following questions in **one** or **two** sentences **each**. (1×10=10)
- How do you treat tournament expenses when a separate tournament fund is maintained ?
 - What is meant by Revenue Receipt ?
 - What is meant by Deferred Revenue Expenditure ?
 - What is del credere commission ?
 - What are abnormal losses ?
 - Give the meaning of consignment of goods at invoice price.
 - Give the journal entry when the retiring partner's capital is paid immediately.
 - What is revaluation account ?
 - Define goodwill.
 - Why is an Executor's Account prepared ?
 - What is realisation account ?
 - Which is the first payment made under piecemeal distribution of cash ?

SECTION – B (5 Marks each)

Answer **any five** of the following :

(5×5=25)

- What is consignment account ? What are the differences between consignment and sale ?
- What is meant by piecemeal distribution of cash ? How is it done ?
- Anne and Benni are partners with capitals of ₹ 30,000 and ₹ 20,000. They share profits and losses in the ratio of 7 : 5. They agree to admit Chameli into partnership and give her $\frac{1}{6}$ th share. Chameli is to bring in ₹ 30,000 for capital and ₹ 8,000 for goodwill. The goodwill amount is to be withdrawn by Anne and Benni. Pass Journal Entries and calculate the new profit sharing ratio.



5. Rupali, Sumalatha and Shubhageetha are partners sharing in the ratio of 2 : 2 : 1. Their Balance Sheet as on 31-12-2017 was as follows :

Liabilities		₹	Assets		₹
Creditors		2,50,000	Cash		50,000
Bills payable		1,00,000	Bills Receivable		75,000
Reserve		1,50,000	Stock		6,25,000
Capitals :			Debtors		7,50,000
Rupali	5,00,000		Furniture		2,50,000
Sumalatha	4,00,000				
Shubhageetha	<u>3,50,000</u>	12,50,000			
		17,50,000			17,50,000

Shubhageetha died on 31-03-2018. Her dependents will be entitled to the following :

- Her capital and share of reserve on the date of death.
- Her share of goodwill which is ascertained at ₹ 12,00,000.
- Her share of profits for the year 2018 till the date of her death. The profits for 2017 i.e. ₹ 7,00,000 can be taken as the profits for 2018.

Ascertain the amount due to Shubhageetha's Executors.

6. 1000 radios costing ₹ 10,00,000 were sent on consignment. Consignor spent ₹ 36,000 on freight etc. 20 radios were destroyed during transit. Consignee incurred the following expenses in connection with consignment :
- ₹ 9,000 by way of duty and cleaning charges.
 - ₹ 10,000 by way of advertisement.
- Consignee sold 780 radios. Findout the value of abnormal loss and consignment stock.

7. Rahman, Salvankar and Prabhanjan were in partnership sharing profits in the ratio of 5 : 3 : 2. The following was their Balance Sheet as on 31-12-2016 when the firm was dissolved.

Liabilities		₹	Assets		₹
Creditors		1,00,000	Premises		80,000
Reserve Fund		20,000	Plant		60,000
Capitals :			Stock		60,000
Rahman	90,000		Debtors		1,20,000
Salvankar	24,000				
Prabhanjan	<u>86,000</u>	2,00,000			
		3,20,000			3,20,000

It was agreed to repay the amount due to partners as and when the assets realised. The assets realised as follows :

1-2-2017	₹ 60,000
1-4-2017	₹ 1,46,000
1-6-2017	₹ 94,000

8. Classify the following into capital receipts/expenditure and revenue receipts/expenditure.
- Legacies received.
 - Carriage on newly acquired machinery.
 - Cost of heavy advertisement for placing a new product in the market.
 - Amount spent on white washing the old building.
 - Sale proceeds of old bats, balls etc.



SECTION – C (15 Marks each)

Answer any three of the following :

(15×3=45)

9. The following is the receipts and payments account of Canara Sports Club. Prepare Income and Expenditure Account for the year ending 31-12-2017 and a Balance Sheet as on that date.

Balance Sheet as on 1-1-2017 was as follows :

Liabilities	₹	Assets	₹
Capital fund	1,22,000	Buildings	1,28,000
Subscription for 2017 received in advance	2,000	Subscriptions receivable	3,200
Sundry expenses payable	8,000	Furniture	24,800
Bank loan	40,000	Cash	16,000
	1,72,000		1,72,000

Receipts and Payments Account for the year ended 31-12-2017.

Receipts	₹	Payments	₹
To Balance	16,000	By Sundry Expenses	
To Subscription		2016	8,000
2016	3,200	2017	20,000
2017	35,200	By Salary to Staff	8,800
2018	5,600	By Benefit show expenses	16,000
To Entrance fees	800	By Investments	20,000
To Rent	8,000	By Bank loan	4,000
To Receipts from benefit show	20,000	By Balance	12,000
	88,800		88,800

Adjustments :

- 1) Subscriptions outstanding ₹ 2,000.
 - 2) Salary to staff paid in advance ₹ 800.
 - 3) Interest on bank loan accrued but not paid ₹ 4,800.
 - 4) Depreciation on buildings ₹ 8,000.
 - 5) Half of entrance fees is to be capitalised.
10. The Laxmi Mobile Co. Ltd of Delhi despatched 1000 mobile sets costing ₹ 6,000 each to Nayana and Co. of Mangalore. The Laxmi Mobile Co. Ltd. incurred the following expenses on consignment :
- Freight ₹ 75,000, Cartage ₹ 5,000 and Insurance ₹ 20,000.
- The remuneration was fixed at 5% on gross sale proceeds. The agents accepted a bill for ₹ 20,00,000 drawn on them as advance.
- In transit 100 mobile sets were totally destroyed by fire and ₹ 2,90,000 were duly received by the consignors from the insurers in full settlement.
- When the goods were sold, the company received an account sales from agents showing that 600 mobile sets were sold for ₹ 60,00,000 and the agent paid customs duty ₹ 1,00,000, dock dues and clearing charges ₹ 50,000, warehousing ₹ 45,000 and sales expenses ₹ 60,000.
- The agents remitted a draft for the balance after deducting the amount of bill already accepted.
- Prepare necessary ledger accounts in the books of both the parties.



11. The balance sheet of Pai, Shetty and Fernadez who were sharing profits in the ratio of 4 : 3 : 2 respectively stood as follows on 31-12-2017.

₹		₹	
Sundry Creditors	24,880	Cash at Bank	6,600
Reserve	36,200	Sundry Debtors	26,090
Capitals		Provision	210
Pai	24,000	Stock	9,600
Shetty	18,000	Plant and Machinery	32,200
Fernadez	12,000	Building	30,000
		Furniture	10,800
	1,15,080		1,15,080

Shetty having given notice to retire from the firm, the following adjustments in the books of the firm were agreed upon :

- The buildings be appreciated by 10%.
- The provision for bad debts is no longer necessary.
- The stock should be appreciated by 20%.
- The furniture be depreciated by 9%.
- Plant and Machinery be appreciated by 18%.
- That the goodwill of the firm be fixed at ₹ 16,200 and Shetty's share of the same be adjusted to that of Pai and Fernadez who are going to share the future profits in the ratio of 3 : 2.

Prepare Revaluation A/c, partners capital a/c and Balance Sheet of continuing partners.

12. The following is the Balance Sheet of Arun, Bharath and Chandru who share profits and losses in the proportions of $\frac{1}{2}$, $\frac{1}{3}$ and $\frac{1}{6}$ respectively.

₹		₹	
Liabilities		Assets	
Creditors	24,000	Cash in hand	10,000
Bank loan	10,000	Debtors	16,000
Arun's Loan A/c	16,000	Less :	
Capital Accounts		Reserve	800
Arun	40,000	Stock	24,800
Bharath	30,000	Furniture	10,000
Chandru	<u>20,000</u>	Motor van	30,000
	90,000	Buildings	50,000
	1,40,000		1,40,000

The assets realised as follows :

Buildings ₹ 56,000; Motor Van ₹ 26,000; Furniture ₹ 12,000; Stock ₹ 28,000; Debtors ₹ 15,600 and Goodwill ₹ 6,000. The expenses of realisation amounted to ₹ 1,200. The Sundry Creditors and loan were paid in full. An outstanding liability of ₹ 400 not included in balance sheet was also paid off.

Prepare realisation a/c, capital accounts and Bank a/c.