

Reg. No.

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



BBABMC 157/BBMBMC 157

II Semester B.B.A./B.B.M. Degree Examination, April/May 2019

(Credit Based Semester Scheme)

(2012 Scheme)

ACCOUNTING – II

Time : 3 Hours]

[Max. Marks : 80

Instructions :

1. A single answer booklet containing 40 pages will be issued.
2. No additional sheets will be issued.
3. Provide working notes wherever necessary.
4. Strictly follow the instructions.

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

SECTION – A

1. Answer **any ten** questions from the following in **1** or **2** sentences each :

(10 × 1 = 10)

- (a) What is sacrifice ratio?
- (b) What is deferred revenue expenditure?
- (c) What is realization account?
- (d) How do you treat life membership fee received in Non-trading concern?
- (e) Give two examples of Non-trading concerns.
- (f) What is Joint Life Policy?
- (g) What is an Account sale?
- (h) What is delcredre commission?
- (i) How do you calculate abnormal Loss?
- (j) What is partnership deed?
- (k) When an executor's account is opened?
- (l) Which is the first payment made under piecemeal distribution of cash on dissolution of a firm?



SECTION - B

Answer **any five** questions from the following, **5** marks each : (5 × 5 = 25)

2. Distinguish between Capital expenditure and Revenue expenditure.
3. What are the difference between consignment and sale?
4. Classify the following into Revenue and Capital expenditure / Receipt.
 - (a) Wages paid to workers for installation of machinery
 - (b) Amount realized from sale of old bats and balls
 - (c) Subscription to newspapers
 - (d) Gate collections of a concert hall
 - (e) Cost of extension of seating arrangement in the college auditorium.
5. Krishna, Karna and Arjuna are partners sharing profits and losses in the ratio of 3 : 2 : 1. Their Balance Sheet as on 31-3-2018 was as under :

Liabilities	Amount Rs.	Assets	Amount Rs.
Sundry creditors	1,50,000	Bank	1,90,000
Bills payable	80,000	Bills Receivable	50,000
Reserves	1,20,000	Stock	80,000
Capitals :		Debtors	2,00,000
Krishna	4,00,000	Furniture	3,00,000
Karna	3,50,000	Building	4,30,000
Arjuna	1,50,000		
	12,50,000		12,50,000

Karna died on 31-12-2018. His dependants were entitled for the following :

- (a) His capital as on the date of death
- (b) Annual commission of Rs. 50,000
- (c) Interest on capital at 6% p.a.
- (d) His share of Goodwill. The goodwill of the firm valued at 3 years purchase of the average profits of last 3 years. Such profits were 2016 - Rs. 1,00,000; 2017 - Rs. 1,20,000 and 2018 - Rs. 1,40,000
- (e) His share of profits till the date of death based on profits of the year 2018.

Ascertain the amount due to Karna's Executors.



6. Harsha and Dinesh share profits and losses in the ratio of 3 : 2. They agree to admit Bharath into partnership for $\frac{1}{4}$ share in future profits. Bharath should bring in Rs. 3,000 as goodwill Rs. 10,000 as capital. Harsha and Dinesh agreed to withdraw the amount of goodwill from business. You are required to Draft necessary journal entries and calculate the new profit sharing ratio of the new firm.
7. B of Bangalore sends 1,000 Kgs. of oil at Rs. 13 per kg. to S of Shimoga. The Consignor spent Rs. 750 on Cartage, insurance and freight. On the way 50 Kgs. of oil was lost (normal loss) due to leakage. Mr. S took delivery of the consignment and spent Rs. 500 on carriage. His selling expenses were Rs. 400 on 800 Kgs. of oil sold. Find out the value of abnormal loss and consignment stock.
8. A, B and C were partners sharing profits in the ratio of 2 : 2 : 1. Their Balance Sheet as on that date of dissolution was as follows :

Liabilities	Rs.	Assets	Rs.
Creditors	50,000	Cash	20,000
A's Loan	25,000	Sundry Assets	2,80,000
Capitals :			
A	1,25,000		
B	75,000		
C	25,000		
	<u>3,00,000</u>		<u>3,00,000</u>

Sri Dharmasthala Manjunatheshwara
College of Business Management Ltd
MANGALORE - 575 003

The assets realized as follows :

Ist Realisation Rs. 60,000

IInd Realisation Rs. 70,000

IIIrd Realisation Rs. 1,00,000

Show distribution of cash under Surplus Capital Method.



SECTION - C

Answer **any three** of the following, **15** marks each : (3 × 15 = 45)

9. Vaali, Sugreeva and Hanumantha were partners sharing profits and losses in the ratio of 4 : 3 : 3. Their balance sheet as on 31-3-2019 was as under :

Liabilities	Amount Rs.	Assets	Amount Rs.
Capitals :		Buildings	18,000
Vaali	16,000	Plant	14,000
Sugreeva	12,000	Furniture	4,000
Hanumantha	10,000	Stock	10,000
Reserves	5,000	Debtors	7,000
Bills payable	2,000	Less : R.B.D.	1,000
Creditors	8,000	Cash	1,000
	53,000		53,000

Vaalli retires on the above date on the following terms :

- (a) The goodwill of the firm is to be valued at Rs. 7,000
 - (b) Stock and Buildings are to be appreciated by 10%
 - (c) Plant and Furniture are to be depreciated by 10%
 - (d) Provision for bad debts is no more necessary
 - (e) Amount payable to Vaali is to be transferred to his loan account.
- Prepare Revaluation account, Partners' capital account and Balance Sheet of new firm.

10. Amar, Akbar and Antony were partners in a firm sharing profits and losses in the ratio of 5 : 3 : 2. The firm was dissolved on 31-03-2019 and balance sheet as on that date was as under :

Liabilities	Amount Rs.	Assets	Amount Rs.
Capitals Accounts :		Plant	80,000
Amar	60,000	Furniture	45,000
Akbar	40,000	Motor Car	25,000
Antony	30,000	Stock	30,000
Creditors	1,35,000	Debtors	71,000
		Cash	14,000
	2,65,000		2,65,000

BBABMC 157/BBMBMC 157

The terms of dissolution were :

- (a) Plant costing Rs. 40,000 was taken over by Amar at Rs. 45,000 and remaining plant realised Rs. 50,000
- (b) Motor Car was taken over by Akbar for Rs. 30,000
- (c) Furniture realised Rs. 40,000
- (d) Debtors included bad debts for Rs. 1,200 and rest was realized at discount of 10%
- (e) Stock worth Rs. 5,000 was taken over by Antony and the rest realized Rs. 30,000
- (f) A creditor for Rs. 2,000 was not traceable and other creditors were paid at a discount of 15%
- (g) Realisation expenses Rs. 5,000.

Sri Dharmasthala Mangalathobhava
College of Business Management
MANGALORE - 575 003

Prepare necessary ledger accounts to close the books of the firm.

11. Following is the statement of Receipts and Payment of Krishna Charitable Institution for the year 2018-19.

Receipts	Amount Rs.	Payments	Amount Rs.
To Balance b/d		By Charities	14,500
- Cash on deposit	5,000	By Salaries	2,600
- Cash on Current a/c	2,400	By Rent and Taxes	1,200
- Cash in hand	300	By Printing	300
To Donations	8,000	By Postage	100
To Subscriptions	7,000	By Advertisement	250
To Endowment Fund Receipts	15,000	By Furniture	750
To Legacies	3,000	By Insurance	750
To Interest on investment	9,500	By Investments	14,000
To Interest on deposits	150	By Advance to Building	5,000
To Sales of old newspapers	75	By Balance c/d	
		- Cash on deposit	8,000
		- Cash on Current A/c	2,250
		- Cash in hand	725
	50,425		10,975
			50,425



Prepare the income and expenditure account and a balance sheet of the year ended 31st March 2019 after considering the following :

- (a) It was decided to treat one-half of the amount received on account of donation as income
- (b) Interest on investments Rs. 400 though accrued, was not actually received

(c)	1-4-2018 (Rs.)	31-3-2019 (Rs.)
Rent due	250	300
Prepaid Rent	350	200
Salaries due	150	450
Advertisement due	100	150
Subscription due	200	400
Subscription paid in advance	400	500

12. 1,000 bicycles were consigned by Ramesh of Kolkata to Madhava of Rangoon at a invoice cost of Rs. 150 each. Ramesh paid freight Rs. 10,000 and insurance Rs. 1,500. During the voyage 100 bicycles were destroyed by fire and had to be thrown overboard. Madhava took delivery of the remaining bicycles and paid Rs. 14,400 for custom duty.

Madhava sent a bank draft to Ramesh for Rs. 50,000 as advance payment and later sent an account sales showing that 800 bicycles were sold at Rs. 220 each. Expenses incurred by Madhava on godown rent and advertisement etc. amounted to Rs. 2,000. Madhava is entitled to a commission of 5% on sales. Due to defect in policy nothing is recovered from insurance company.

Prepare necessary ledger account in the books of Ramesh and Madhava.

Shri Dhanraj's of
College Business Management Library
MANGALORE - 575 093