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

BBMBMC 157

**Credit Based II Semester B.B.M. Degree Examination, Nov./Dec. 2015
(2012 Scheme)
ACCOUNTING – II**

Time : 3 Hours

Max. Marks : 80

- Instructions:** 1) A **single** answer booklet containing **40** pages will be **issued**.
No additional sheets will be **provided**.
2) **Use** of scientific calculators are **not allowed**.
3) **Provide** working notes **wherever** necessary.

SECTION – A
(1 mark each)

(1×10=10)

1. Answer **any ten** questions from the following :
- What is del-credere commission ?
 - Give any two non-recurring expenses incurred by the consignee.
 - Name the components of final accounts of Non Trading Concerns.
 - Give any two examples for revenue receipts.
 - What is a capital receipt ?
 - Give the meaning of dissolution of a partnership firm.
 - State any two contents of partnership deed.
 - What is the journal entry for closing the Realisation Account when there is profit ?
 - What is meant by surrender value of a policy ?
 - Give the meaning of 'Gain Ratio' in retirement of a partner.
 - Pass an entry for the increase in the value of building at the time of revaluation.
 - What is the treatment for capital deficiency of the insolvent partner at the time of dissolution of a firm ?

P.T.O.



SECTION – B
(5 marks each)

(5×5=25)

Answer **any five** questions from the following :

2. What is consignment ? What are its important features ?
3. Distinguish between Receipts and Payment Account and Income and Expenditure Account.
4. Classify the following into Capital or Revenue Expenditure/Receipts :
 - a) Life membership fee
 - b) Repairs of typewriters
 - c) Amount received from sale of old magazines
 - d) Carriage paid on purchase of machinery
 - e) Subscription received by a sports club.
5. A and B are partners sharing profits or losses in the ratio of 3 : 2. They admit C into partnership. C paid Rs. 1,00,000 as capital and Rs. 20,000 as his share of goodwill. Old partners withdraw the goodwill amount. The new profit sharing ratio of the partners is 2 : 2 : 1. Calculate the sacrifice ratio and pass the necessary journal entries.
6. Tall, Medium and Short are partners sharing in the ratio of 3 : 2 : 1. Their Balance Sheet as on 31-3-2014 was as under.

Liabilities		Amount (Rs.)	Assets	Amount (Rs.)
Creditors		15,000	Bank	19,000
Bills Payable		8,000	Stock	8,000
Reserve		12,000	Bills receivables	5,000
Capital :			Debtors	20,000
Tall	40,000		Furniture	30,000
Medium	35,000		Buildings	43,000
Short	<u>15,000</u>	90,000		
		1,25,000		1,25,000



Medium died on 1-12-2014. His dependents were entitled for following :

- i) His capitals as on the date of death..
- ii) Annual commission of Rs. 5,000.
- iii) Interest on capital at 6% p.a.
- iv) His share of goodwill. The goodwill of the firm valued at 3 years purchase of the average profits of last 3 preceding years. Such profits were 2011-2012 Rs. 10,000; 2012-2013 Rs. 14,000 and 2013-2014 Rs. 12,000.
- v) Share in the profit till the date of death based on the profits of the year just prior to his death.

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Prepare Medium's Executor's Account.

7. Red, White and Blue are partners sharing profits and losses in the ratio of 5 : 3 : 2 respectively. Their Balance Sheet as on 31-12-2013, when the business was wound up was as follows :

Liabilities	Amount (Rs.)	Assets	Amount (Rs.)
Capital Accounts :		Buildings	40,000
Red	50,000	Plant	30,000
White	15,000	Stock	30,000
Blue	45,000	Debtors	10,000
	1,10,000		1,10,000

It was agreed to repay the amounts due to the partners as and when the assets were realised. Viz., February 1st 2014 Rs. 30,000, April 1st 2014 Rs. 73,000 and June 1st 2014 Rs. 3,000. Prepare a statement showing the distribution of cash among the partners under the Surplus Capital Method.

8. Azar consigned 100 cases of goods to Sachin to be sold on his risk. The cost of one case of goods was Rs. 150. Azar paid freight Rs. 700 and Insurance Rs. 300. Sachin sent an account sales showing that 80 cases were sold at Rs. 220 each. Expenses incurred by Sachin were carriage Rs. 100, Godown rent Rs. 500 and Advertisement Rs. 300. He is entitled to a commission of 5% on sales. Prepare Consignment Account.



SECTION – C
(15 marks each)

(15×3=45)

Answer **any three** questions from the following.

9. The Balance Sheet of Ram and Ratan as on 31-12-2014 is shown below. They share profits and losses in the ratio of 3 : 1.

Liabilities	Amount (Rs.)	Assets	Amount (Rs.)
Creditors	26,000	Cash at Bank	10,000
General Reserve	16,000	Debtors	80,000
Capitals :		Stock	12,000
Ram 40,000		Furniture	6,000
Ratan <u>30,000</u>	70,000	Profit and Loss A/c	4,000
	1,12,000		1,12,000

They agree to admit Raj into the firm on following conditions :

- i) Raj will bring in Rs. 20,000 as his capital and Rs. 8,000 as his share of goodwill. The amount is to be withdrawn by the partners.
- ii) He will be entitled to $\frac{1}{5}^{\text{th}}$ share of profits.
- iii) Depreciation is to be provided on furniture at 10%.
- iv) Stock is to be revalued at Rs. 15,000.
- v) Create RBD at 5% on Sunday debtors.
- vi) The capital of all the partners are re-adjusted on the basis of their profit sharing ratio.

Prepare the necessary Ledger A/cs and Balance Sheet of the new firm.

10. The following is the Balance Sheet of A, B and C who share Profits and Losses in proportion of $\frac{1}{2}$; $\frac{1}{3}$ and $\frac{1}{6}$ respectively.

Liabilities	Amount (Rs.)	Assets	Amount (Rs.)
Creditors	12,000	Cash in hand	5,000
Bank Loan	5,000	Debtors	8,000
A's Loan A/c	8,000	Less : Reserve <u>400</u>	7,600
Capital Accounts :		Stock	12,400
A	20,000	Furniture	5,000
B	15,000	Motor Van	15,000
C	<u>10,000</u>	Buildings	25,000
	70,000		70,000

The assets are realised as follows : Building Rs. 28,000; Motor Van Rs. 13,000; Furniture Rs. 6,000; Stock Rs. 14,000; Debtors Rs. 7,800; and Goodwill Rs. 3,000; The expenses of realisation 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 were also paid off. Show the necessary Ledger Accounts.

11. 1000 bicycles were consigned by Roy of Kolkatta to Nethra of Rangoon at cost of Rs. 150 each. Roy paid freight Rs. 10,000 and Insurance Rs. 1,500. During the voyage 100 bicycles were totally damaged by fire and had to be thrown overboard. Nethra took delivery of the remaining bicycles and paid Rs. 14,000 for customers duty.

Nethra sent a bank draft to Roy 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 Nethra on godown rent and advertisement Rs. 2,000. Nethra is entitled to a commission of 5%. Prepare the necessary Ledger Accounts in the books of Roy, assuming that nothing was recovered from the insurer due to a defect in the policy.



12. From the following particulars relating to Matha Club, prepare Income and Expenditure Account for the year ended 31-12-2014 and a Balance sheet as on that date.

Receipts and Payment A/c for the year ended 31-12-2014

Dr.		Cr.	
Receipts	Amount (Rs.)	Payments	Amount (Rs.)
To Balance b/d	70,000	By Furniture	20,000
To Subscription	35,000	By Tournament expenses	10,000
To Donation	30,000	By Sports materials	80,000
To Entrance fee	50,000	By Electric Charges	2,500
To Tournament fund	20,000	By Subscription to Journals	1,000
To Life membership fee	30,000	By Rent	7,500
To Interest	10,000	By Balance c/d	1,24,000
	2,45,000		2,45,000

Other balances on 1-1-2014 are Building Rs. 2,00,000, Furniture Rs. 50,000, Sports materials Rs. 60,000, Subscription in arrears Rs. 10,000, Rent due for the year 2013 is Rs. 2,000.

Donations are to be capitalised. Provide depreciation on building at 5%, Sports materials Rs. 10,000 and Subscription due for the year 2014 is Rs. 4,000.