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BBMBMC 157

**Credit Based Second Semester B.B.M. Degree Examination, April/May 2014
(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) Provide working notes **wherever** necessary.
 - 3) Follow the instructions **strictly.**

SECTION – A

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

1. a) What is meant by Revenue Receipt ?
b) What is capital fund ?
c) What is abnormal loss ?
d) What are non-recurring expenses ?
e) What is gain ratio ?
f) Give any two features of partnership.
g) What are the different methods of valuation of goodwill ?
h) What is a joint life policy ?
i) What is account sales ?
j) What is revaluation account ?
k) What is dissolution of partnership ?
l) What is endowment fund ?

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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) Cost of air conditioning the office.
 - b) Honorarium paid to the secretary of the association.
 - c) Subsidy received from the Govt.
 - d) Amount spent on white washing the building.
 - e) Cost of maps purchased by a college.

P.T.O.



3. Ganesh and Santhosh share profits in the ratio of 4 : 3. They agree to admit Suresh in to partnership for $\frac{1}{3}$ th share in the future profits. Suresh should bring Rs. 5,000 as goodwill and Rs. 10,000 as capital. Ganesh and Santhosh agree to withdraw the amount of goodwill. You are required to (a) Pass journal entries (b) Calculate the new profit sharing ratio of the partners.
4. Anu, Manu, Meena are partners sharing profits in the ratio of 3 : 2 : 1. Their BIS as on 31-12-2012 was as follows.

	₹		₹
Creditors	20,000	Bulding	40,000
Anu's loan	10,000	Plant	25,000
Reserve	10,000	Stock	15,000
Capitals :		Debtors	20,000
Anu	30,000		
Manu	20,000		
Meena	10,000		
	1,00,000		1,00,000

The assets realised as follows –

1-1-2013 Rs. 30,000, 1-3-2013 Rs. 40,000, 1-5-2013 Rs. 20,000

Prepare a statement showing cash distribution.

5. 3,000 watches costing Rs. 5,00,000 were sent on consignment. Consignor spent Rs. 10,000 as freight. 100 watches were destroyed in transit. Consignor incurred Rs. 9,000 clearing charges. Sold 2,700 watches. Find out abnormal loss and consignment stock.
6. Anil, Sunil and Sajith are partners. Sharing profits in the ratio of 2 : 2 : 1. Their BIS as on 31-12-2013.

Liabilities		Assets	
Capital A/c's		Furniture	20,000
Anil	20,000	Stock	48,000
Sunil	20,000	Debtors	16,000
Sajith	20,000	Cash	1,000
Reserve	15,000		
Sundry creditors	10,000		
	85,000		85,000

Sajith died on 1-4-2014 his executors were entitled the following :

- 1) Sajith's capital on the date of death.
- 2) His share of goodwill calculated on the basis of 2 years purchase of the average profits of the last 3 years. The last 3 years profit were 2013-Rs. 9,500, 2012-10,000, 2011-Rs. 7,500.
- 3) His share of accrued profit to the date of death based on average profits of last 3 years.

Ascertain the amount due to the Executors of Sajith.



7. What are the difference between Receipts and payment A/c and Income and expenditure A/c.
8. Write short notes on :
 (a) Proforma invoice
 (b) delcredere commission.

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SECTION – C (15 marks each)

Answer **any three** of the following :

(15×3=45)

9. The following is the receipts and payments a/c of Canara Sports Club. Prepare Income and Expenditure A/c and BIS as on 31-12-2013.

Balance Sheet as on 31-12-2013

Capital fund	70,000	Building	64,000
Bank loan	20,000	Subscription receivable	1,600
Sundry expenses payable	4,000	Furniture	12,400
		Cash	16,000
	94,000		94,000

Receipts and payment Account for the Year ending 31-12-2013

Receipts	₹	Payments	₹
To bal b/d	8,000	<u>By sundry expenses</u>	
<u>To subscription</u>		2012	4,000
2012	1,600	2013	10,000
2013	17,600	By Salary	4,400
2014	2,800	By Sundry expenses	7,000
To Entrance fees	400	By Investments	10,000
To Rent	4,000	By Bank loan	2,000
To Other receipts	9,000	By Balance l/d	6,000
	43,400		43,400

Other information :

- 1) O/s subscription Rs. 1,000
 - 2) Prepaid salary Rs. 800
 - 3) Depreciation on building Rs. 4,000
 - 4) Half of the entrance fees is to be capitalised.
10. Raman Watch Co. Shimogga consigned 1,000 watches to Pavan and Co Mysore, at an invoice price of Rs. 350 each. The invoice price has made by adding 25% to the cost. Raman Co paid Rs. 5,000 as freight during transit 100 watches damaged by fire. Insurance Co paid, Rs. 5,000 to the consignor. Pavan Co took delivery of the remaining watches and paid Rs. 1,000 cartage and 800 octori. 750 watches were sold at Rs. 400 each. They were entitled a commission of 5% on sales. Prepare consignment A/c, Pavan's A/c in the books of Raman and Raman's A/c in the books of Pavan and Co.



11. The BIS Arun, Babu and Chandra as on 31-12-2013.

S.Creditors	10,000	Cash	6,000
<u>Capital A/c's</u>		S Debtors	5,000
Arun	25,000	Less reserve	<u>100</u>
Babu	10,000	Stock	10,000
Chandra	10,000	Plant	8,000
		Building	26,100
	55,000		55,000

Babu retires and following readjustments made

- Stock appreciated by 6%.
- That the reserve for doubtful debts be brought upto 5% on debtors.
- Building appreciated by 20%.
- Provision of Rs. 700 made in respect of outstanding legal charges.
- That the goodwill of the firm fixed at 10,000 and Mr. Babu's shares adjusted in to the a/c's of Arun and Chandra in the ratio of 3/5 and 2/5. The entire capital of the firm Rs. 28,000. It is divided by Arun and Chandra. After passing entries in their a/c's actual cash to be paid off or to be brought in by the containing partners.

Prepare necessary ledger a/c's and BIS of the new firm.

12. Asha, Roopa, Bhavya are sharing profits in the ratio of 4 : 3 : 1.

Their Balance Sheet as on 31-12-2013 are as follows

<u>Capital A/c's</u>		<u>Machinery</u>	15,000
Asha	15,000	Stock	4,000
Roopa	8,000	Investments	6,000
Joint life policy fund	4,400	Joint life policy	4,400
Fluctuation fund	1,000	Debtors	2,800
P & L a/c	1,000	(-) RBD	<u>200</u>
Bank loan	4,000	Bhavya's capital A/c	3,200
Creditors	6,000	Bank	4,200
	39,400		39,400

The investments are taken over by Asha for Rs. 4,400 Roopa takes over the stock at Rs. 3,000 and debtors of Rs. 1,600 at Rs. 1,200. The life policy was surrendered for Rs. 3,900. Machinery was sold at Rs. 14,200. The remaining debtors were realized 75% of book value. Creditors were paid Rs. 5,800 in full settlement. The expenses of realisation Rs. 200. Prepare necessary ledger a/c's in the books of the firm.