

Reg. No.

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BBABMC 157/BBMBMC 157

**Credit Based II Semester B.B.A./B.B.M. Degree Examination, September 2022
(2012 Scheme)
ACCOUNTING – II**

Time : 3 Hours

Max. Marks : 80

Instruction : Show working notes *wherever* necessary.

**SECTION – A
(1 Mark each)**

(10×1=10)

Answer **any ten** of the following.

1. a) What is meant by revenue receipt ?
- b) Give the meaning of capital fund.
- c) What is meant by Honorarium ?
- d) Give the meaning of over-riding commission.
- e) What is non-recurring expenses ?
- f) Write entry to be passed for recording the abnormal losses.
- g) Give two examples for recurring expenses incurred by consignee.
- h) Write the purpose for which sacrifice ratio is calculated.
- i) What is revaluation account ?
- j) What is meant by gain ratio ?
- k) Write the meaning of piecemeal distribution of cash.
- l) What is Partnership Deed ?

**SECTION – B
(5 Marks each)**

(5×5=25)

Answer **any five** of the following questions.

2. What are the difference between revenue expenditure and deferred revenue expenditure ?
3. Calculate the amount of salaries to be debited to the income and expenditure account of 2020 from the details given below :

| | |
|--|--------|
| 1) Payment of salaries during 2020 | 12,000 |
| 2) Outstanding salaries as on 31-12-2019 | 500 |
| 3) Outstanding salaries as on 31-12-2020 | 800 |
| 4) Prepaid salary as on 31-12-2019 | 300 |
| 5) Prepaid salary as on 31-12-2020 | 400 |

P.T.O.



4. Prepare realization account from the following information.

Balance Sheet of ABC firm as on 31-12-2019

| Liabilities | Rs. | Assets | Rs. |
|--------------------|---------------|---------------|---------------|
| Creditors | 12,000 | Cash in hand | 5,000 |
| Bank loan | 5,000 | Debtors | 8,000 |
| A's loan | 8,000 | (-) Reserves | <u>400</u> |
| Capital | | Stock | 12,400 |
| A | 20,000 | Furniture | 5,000 |
| B | 15,000 | Motor van | 15,000 |
| C | 10,000 | Buildings | 25,000 |
| | 70,000 | | 70,000 |

The assets realized as follows

| | Rs. |
|-----------|------------|
| Buildings | 28,000 |
| Motor van | 13,000 |
| Furniture | 6,000 |
| Stock | 14,000 |
| Debtors | 7,800 |
| Goodwill | 3,000 |

The expenses of realization 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 was also paid off.

5. Prepare statement showing surplus capital.

X, Y, Z were partners sharing profit and losses in the ratio of $\frac{1}{2}$, $\frac{1}{3}$ and $\frac{1}{6}$ respectively. The partnership was dissolved on 31-3-2021 when the position was as follows :

| | | | |
|---------------------|-----------------|---------------------|-----------------|
| Secured creditors | 35,000 | Machinery | 40,000 |
| Unsecured creditors | 25,000 | Stock | 32,000 |
| General reserves | 15,000 | Debtors | 44,000 |
| X's capital | 34,000 | Cash | 8,000 |
| Y's capital | 16,000 | Profit and Loss A/c | 3,000 |
| Z's capital | 2,000 | | |
| | 1,27,000 | | 1,27,000 |



The realization and expenses were :

| Month | Assets Rs. | Expenses Rs. |
|-----------|---------------|-----------------|
| May | 24,000 | 2,000 |
| June | 38,000 | 3,600 |
| July | 20,000 | 1,400 |
| August | 23,000 | 2,000 |
| September | 16,200 | 2,000 |

- K, V and M are partners sharing Profit and Loss in the ratio of 3 : 1 : 1. 'M' retires and her share is purchased by 'V'. Find out the NPSR of 'K' and 'V'.
- 1000 bicycles were consigned by 'R' to 'N' at invoice price of Rs. 150 each. 'R' paid freight of Rs. 10,000 and insurance of Rs. 1,500. During transit 100 bicycles were totally damaged. N took delivery of remaining bicycles and paid Rs. 14,400 for customs duty. Calculate value of goods destroyed by fire and value of closing stock, if 'N' sold 800 bicycles.
- Give the meaning of joint life policy. What entries we need to pass in connection with joint life policy under third method ?
(Recording transactions relating to joint life policy by maintaining joint life policy account at its full value together with joint life policy reserve account).

SECTION – C
(15 Marks each)

(3×15=45)

Answer **any three** of the following.

- Following is the Receipts and Payments A/c and Balance Sheet of Karnataka Sports Club, Bangalore.

| Balance as on 31-12-2020 | | | |
|-------------------------------------|---------------|----------------------|---------------|
| Liabilities | Rs. | Assets | Rs. |
| Outstanding Salary | 1,600 | Cash | 26,200 |
| Outstanding Rent | 400 | O/S ing subscription | 2,400 |
| Subscription received in advance | 2,000 | Investment | 2,600 |
| Capital fund | 65,400 | Sports material | 21,800 |
| | | Furniture | 16,400 |
| | 69,400 | | 69,400 |



Receipts and Payment Account as on 31-12-2021

| | | | |
|---------------------------|-----------------|---------------------|-----------------|
| To balance b/d | 26,200 | By rent | |
| To subscription | | 2020 400 | |
| 2020 2,400 | | 2021 <u>4,400</u> | 4,800 |
| 2021 45,100 | | By salary | |
| 2022 2,100 | 49,600 | 2020 1,600 | |
| To Donation | 16,200 | 2021 23,200 | |
| To Entrance fees | 32,600 | 2022 <u>1200</u> | 26,000 |
| To Interest | 1,400 | By printing | 7,600 |
| To Sale of Old Sports | | By General expenses | 5,400 |
| materials | 1,000 | By Furniture | 24,000 |
| (original cost Rs. 8,000) | | By Sports material | 28,800 |
| | | By Balance C/d | 30,400 |
| | 1,27,000 | | 1,27,000 |

Adjustments :

- 1) Subscription outstanding Rs. 2,800.
- 2) Unpaid printing Rs. 500.
- 3) Interest accrued Rs. 400.
- 4) Depreciation furniture by 10% and Sports materials by 10%. Capitalize 50% of donations.

Prepare – Income and Expenditure account and Balance Sheet.



10. Hari consigns to Madhu 40 cases of goods at a cost of Rs. 5,000 per case and incurs the following expenses in connection with the same, Viz., carriage Rs. 940, freight Rs. 3,480 and insurance Rs. 12,800. On arrival of the goods, Madhu pays cleaning charges Rs. 3,120, cartage Rs. 960 and godown rent Rs. 200. Six cases are destroyed by the fire and sum of Rs. 30,000 is realized from insurance company by way of compensation. Out of remaining 34 cases, 24 are odd at a total price of Rs. 2,20,000.

Madhu entitled to an ordinary commission of 5% and 2% del creders on sales in addition to reimbursement of expenses incurred. He sends to Hari an account sales together with a bank draft for the balance due to Hari. Prepare consignment account and Madhu's account in the books of Hari.

11. Balance Sheet as on 31-12-2021 of R,K and P who were sharing profits and losses in the ratio of 2 : 3 : 5.

| Liabilities | Rs. | Assets | Rs. |
|---------------------|-----------------|------------------|-----------------|
| Capitals | | Cash | 18,000 |
| R | 36,000 | Bills receivable | 24,000 |
| K | 44,000 | Furniture | 28,000 |
| P | 52,000 | Stock | 44,000 |
| Creditors | 64,000 | Debtors | 42,000 |
| Bills payable | 32,000 | Investment | 32,000 |
| Profit and Loss A/c | 14,000 | Machinery | 34,000 |
| | | Goodwill | 20,000 |
| | 2,42,000 | | 2,42,000 |



They admit 'S' into partnership on the following terms :

- 1) Furniture, investment and Machinery to be reduced by 15%.
- 2) The value of stock to be taken at Rs. 48,000.
- 3) Goodwill to be valued at Rs. 24,000.
- 4) 'S' to bring Rs. 32,000 towards capital for $\frac{1}{6}$ th share and old partners to adjust their capitals accordingly.
- 5) Outstanding sent amounted to Rs. 1,800.
- 6) Prepaid salaries Rs. 800.
- 7) Adjustment of capitals to be made by cash.

Prepare revaluation account, capital account of the old partners, cash account and the Balance Sheet of the new firm.

12. 'B', 'W' and 'D' are partners in a business sharing Profit and Losses in the ratio of 2 : 2 : 1 respectively. Their Balance Sheet as on 31-12-2017 was as follows :

| Liabilities | Rs. | Assets | Rs. |
|--------------------|-----------------|------------------|-----------------|
| Creditors | 50,000 | Cash at Bank | 10,000 |
| Capital A/cs | | Bills receivable | 15,000 |
| B-30,000 | | Debtors | 40,000 |
| W-50,000 | | Stock | 30,000 |
| D- <u>20,000</u> | 1,00,000 | Furniture | 15,000 |
| | | Buildings | 40,000 |
| | 1,50,000 | | 1,50,000 |

'B' died on 30th April 2017 and partnership deed provided inter alia the followings :

- a) The deceased partner will be entitled to his share of profits upto the date of death, calculated on the basis of previous year's profits.



- b) He will be entitled to his share of goodwill of the firm on the basis of 3 years purchase of average profits of the last 4 years. The profits of the last four years are given below.

| Year | Rs. |
|-------------|------------|
| 2014 | 80,000 |
| 2015 | 50,000 |
| 2016 | 40,000 |
| 2017 | 30,000 |

The drawings of the deceased partner upto the date of his death amounted to Rs. 2,000. Interest on capital was to be allowed at 6% p.a. The executor of the deceased partner and the surviving partners agreed that Rs. 5,400 should be paid to the executors immediately and the balance in 3 yearly instalments with interest at 6% on the outstanding balance.

Show the account of the executors of the deceased until it is paid off.
