

Roll No. ....

## BBA-204(N)

### B. B. A. (Second Semester) EXAMINATION, May/June, 2015

(New Course)

Paper Fourth

#### PRINCIPLES OF ACCOUNTING

*Time : Three Hours ]*

*[ Maximum Marks : 70*

**Note :** Attempt questions from all Sections as directed.

**Section—A**

3 each

**(Short Answer Type Questions)**

**Note :** All questions are compulsory.

1. (A) Distinguish between Income and Expenditure Account and Balance Sheet.
- (B) Give rules of debit and credit relating to Personal Accounts, Real Accounts and Nominal Accounts.
- (C) Define fixed assets and current assets and give *four* examples of each.
- (D) Explain Business Entity concept, Conservation concept and Materiality concept of Accounting.

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- (E) Distinguish between Hire Purchase and Installment Payment system.
- (F) How will you distinguish between Joint Venture and Consignment ?
- (G) Give proforma of Branch Account in the books of head office in case of dependent branch when goods are sent to branch at invoice price.
- (H) Explain the terms Royalty, Shortworkings and Minimum Rent.
- (I) Give deficiencies in the financial statement of a company which arise during period of price level changes.
- (J) Give names of any five accounting standards issued by the Institute of Chartered Accountants of India.

Section—B

10 each

(Long Answer Type Questions)

Note : Attempt any two questions.

- What do you mean by dependent and independent branch ? What are the journal entries made in the books of head office for incorporation of branch trial balance at the end of the year in case of independent branch ?
- How are valuation of abnormal loss and closing stock with consignee made in case of Consignment Account ? Give proforma of Consignment Account and consignee's Account in the books of consignor.

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4. The Income and Expenditure Account of the 'Repose' Club is as follows for the year ended 31st December, 2014 :

Expenditure	₹
Salaries	1,75,000
General Expenses	50,000
Depreciation	30,000
Excess of Income over Expenditure	50,000
	3,05,000

Income	₹
Subscription	2,00,000
Donations	1,05,000
	3,05,000

While preparing the above Income and Expenditure Account adjustments were made in respect of the following items :

- Subscriptions for 2013 unpaid at 1st January, 2014 of ₹ 20,000, ₹ 18,000 of which were received in 2014.
- Subscriptions paid in advance at 1st January, 2014 ₹ 5,000.
- Subscriptions paid in advance at 31st December, 2014 ₹ 4,000.

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- (iv) Subscriptions for 2014 unpaid at 31st December, 2014 ₹ 7,000.
- (v) Sundry Assets at beginning of period ₹ 2,60,000, Sundry Assets after depreciation ₹ 2,70,000 at the end of the period.
- (vi) Cash balance at 1st January, 2014 ₹ 16,000.

You are required to prepare Receipts and Payments Account for the year ended 31st December, 2014.

5. On 1st July, 2013 Mantu of Chennai consigned goods of the value of ₹ 5,00,000 to Pandey of Patna. This was made by adding 25% on the cost. Mantu paid thereon ₹ 25,000 for freight and ₹ 15,000 for insurance. During transit one-tenth of the goods was totally destroyed by fire and a sum of ₹ 24,000 was realised from the insurance company.

On arrival of the goods Pandey paid ₹ 18,000 as carriage to godown. During the year ended 30th June, 2014 Pandey paid ₹ 36,000 for Godown rent and ₹ 19,000 for selling expenses.

One-ninth of the remaining goods was again destroyed by fire in godown of the consignee and nothing was recovered from insurance company.

On 1st June, 2013 Pandey sold half the original goods for ₹ 3,00,000 and charged a commission of 5% on sales. On 30th June, 2014 Pandey sent a bankdraft to Mantu for the amount so far due from him.

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You are required to show valuation of goods lost by fire in transit and in godown of consignee and valuation of closing stock with consignee and give journal entries in the books of Mantu, the consignor.

Section—C

10 each

## (Long Answer Type Questions)

Note : Attempt any two questions.

6. The following information have been obtained from the financial books of M/s. Tejunal Departmental Stores, New Delhi for the year ended 31st March, 2015 :

	Deptt. A units	Deptt. B units	Deptt. C units
Purchases at a total cost of ₹ 10,00,000	1,000	2,000	2,400
Stock on 1-4-2014	120	80	152
Sales	1020 @ ₹ 200 each	1920 @ ₹ 225 each	2496 @ ₹ 250 each

You are required to show calculations for the following :

- (i) Total sales price of all the units purchased in different departments assuming that all the purchased units are sold.
- (ii) Overall Gross profit on the basis of total sales price of all the purchased units and total cost of purchases.

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- (iii) Percentage of gross profit on sales based on (i) and (ii) above.
- (iv) Cost price of each unit in different departments i. e., selling price per unit minus gross profit.
- (v) Total cost of purchases in each department i. e., unit purchases multiplied by cost price of each unit.
- (vi) Units of closing stock in different departments and their valuation.
- (vii) Valuation of opening stock in each department.

Also show Departmental Trading Account assuming that the rate of gross profit is same in each case.

7. Magicky Ltd. took certain lands on lease from Manganesse Estates Ltd. for a period of 15 years for mining of Manganesse ore with a stipulated royalty of ₹ 1.50 per ton and minimum rent of ₹ 21,000 with a clause to recoup shortworkings over three subsequent years.

The actual workings were as under :

Years	Output in Tonnes	Actual Royalty in ₹
2002	8000	12,000
2003	16000	24,000
2004	13000	19,500
2005	17000	25,500
2006	43800	65,700

- You are required to give journal entries in the books of Magicky Ltd., the lessee for the year 2002 to 2006.
8. What are the journal entries made in the books of hire-purchaser when the asset is purchased under hire-purchase system ? Explain.
9. Write short notes on any two of the following :
- (a) Accounts of Banking Companies
- (b) Final Accounts of Partnership Firm
- (c) Dissolution of Partnership
- (d) Doubly Entry System of Accounting

Or

A and B were in partnership sharing profits and losses in the ratio of 3 : 2. Their Balance Sheet as on 30th June, 2014 was as follows :

Liabilities	₹
Capital Accounts :	
A	60,000
B	<u>40,000</u>
Creditors	1,00,000
	30,000
	1,30,000

Assets		₹
Plant and Machinery		40,000
Land and Buildings		30,000
Furniture		10,000
Stock		20,000
Debtors	25,000	
<i>Less : Provision</i>	<u>2,500</u>	22,500
Cash at Bank		7,500
		<b>1,30,000</b>

They want to take C into partnership but the following adjustments are to be incorporated :

- (i) C pays ₹ 30,000 as capital for 2/5th share in the business.
- (ii) The value of Plant and Machinery should be increased by 20% whereas the value of land and buildings is to be reduced to ₹ 25,000.
- (iii) Certain investments amounting to ₹ 8,000 (not included in the above Balance Sheet) should be brought into account.
- (iv) The provision for doubtful debts should be increased to ₹ 5,000.
- (v) An item of ₹ 1,000 included in Sundry creditors is not likely to be claimed.

Give the necessary journal entries to incorporate the above arrangements and the revised Balance Sheet of the firm after admission of C as a new partner.