

Roll No.

BBA-204(N)

B. B. A. (Second Semester) EXAMINATION, May, 2013

(New Course)

Paper Fourth

PRINCIPLES OF ACCOUNTING

Time : Three Hours]

[Maximum Marks : 70

Note : Attempt all questions. All questions carry equal marks.

1. What do you mean by Generally Accepted Accounting Principles concepts and Conventions (GAAP) ? Explain the following concepts of accounting :
 - (a) Business Entity concept
 - (b) Going Concern concept
 - (c) Dual Aspect concept

Or

What are the deficiencies in financial statements prepared under Historical Cost Accounting (HCA) method during periods of inflation ? Explain the role of Accounting for Price level changes in this regard.

2. What do you mean by final accounts of non-trading institutions ? Distinguish between Receipts and Payments Accounts and Income and Expenditure Account.

P. T. O.

Or

Following balances appeared in the books of Hindustan Fire & General Insurance Company as on 31st March, 2012 :

	₹
Reinsurance Premium paid	50,000
Reserve for Unexpired Risk 1-4-2011	8,24,800
Expenses of Management	1,25,600
Premium Received	7,89,000
Commission	1,52,000
Claims Paid	2,21,000
Loss on Exchange	9,000
Outstanding Claims 1-4-2011	2,81,000
Additional Reserve for unexpired risk on 1-4-2011	20,000

You are required to prepare Revenue Account for the year ended 31-3-2012 after taking the following information into consideration :

- (i) Provide for unexpired risk at 50% of the premiums.
- (ii) Additional Reserve is to be increased by 10% of the net premium.
- (iii) Premiums outstanding at the end of year ₹ 1,50,000.
- (iv) On 31st March, 2012 the claims outstanding were ₹ 3,37,000.
- (v) Commission earned on reinsurance ₹ 5,000.

Or

Goods are invoiced by Head Office to its branch at Lucknow at Cost + 25%. All the expenses of the Branch are paid by Head Office. Branch keeps only Debtors' Ledger and Sales Ledger. Prepare Lucknow Branch

P. T. O.

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Or

From the following particulars prepare the Income, and Expenditure Account of Kolkata Golf Club for the year 2012 :

	₹
Subscription received for 2012	1,05,000
Entrance fees received for 2012	7,500
Subscriptions for 2011 estimated ₹ 1,500 but received	2,800
Subscription and Entrance Fees received for 2013	15,500
Subscriptions for 2012 due ₹ 20,000 but to be taken at	10,000
Locker Rent received for 2012	16,000
Green Fees received for 2012	5,000
Expenses for 2012 paid	30,000
Expenses unpaid	2,300
Liabilities for 2011 paid (estimated at ₹ 7,000)	6,000
Audit Fees for 2012 not paid	2,000
Profit on Service Account (Net)	23,000
Interest on Loan Paid	3,200
Loan Taken	40,000
Balance of Capital Expenditure	2,50,000
Capital Expenditure written-off	12,000
Surplus for 2011	21,200
Capital Expenditure in 2012	3,000
Cash in Hand	25,000

Also prepare the Balance Sheet as on 31st December, 2012.

3. Explain the various Schedules/Annexures which are prepared for Balance Sheet of Bank and give its specimen.

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Account & its Trading and Profit and Loss Account for the year ended 31st December, 2012 from the following particulars of the Branch :

Closing Stock (Invoice Price)	₹	4,50,000
Credit Sales		10,25,000
Cash Received from Debtors		9,47,500
Opening Stock (Invoice Price)		6,00,000
Cash Sales		4,37,500
Expenses of Branch paid by Head Office		2,60,000
Goods Received from Head Office		7,50,000
Debtors on 31st December, 2012		2,29,000
Goods in Transit from Head Office on 31st December, 2012		45,000

4. Give the journal entries necessary in the books of buyer as well as the seller when the goods are sold on the Hire-Purchase system.

Or

On 1st January, 2009 M/s. Mittal Collieries Ltd. leased a piece of land. A minimum rent of ₹2,00,000 in the first year, ₹4,00,000 in the second year and thereafter ₹6,00,000 per annum is to be paid merging into a Royalty of ₹37.50 per ton with power to recoup.

Shortworkings over the first three years only. The figures of annual output for the years 1st January, 2009 to 31st December, 2012 were 1000; 10000; 18000 and 20000 tons respectively. Open the necessary accounts in the books of the lessee.

5. What do you mean by final accounts of a partnership firm? Give pro forma of final accounts of a partnership firm.

Or

A, B and C sharing profits in the proportion of 3 : 2 : 1 agreed upon dissolution of their partnership on 31st December, 2012 on which date their Balance Sheet was as under :

	₹	₹
Capital A/cs :		
A	40,000	Machinery
B	20,000	Stock-in-Trade
Mrs. A's Loan	10,000	Investments
Creditors	18,500	Joint Life Ins. Policy
Life Insurance Policy	14,000	Debtors
Fund	6,000	Less : Reserve for
Investment Fluctuation Fund	6,000	Doubtful Debts
	<u>1,08,500</u>	Current A/c—C
		Cash at Bank
		<u>1,08,500</u>

The Life Insurance Policy is surrendered for ₹12,000. The investments are taken over by A for ₹17,500. A agrees to discharge his wife's loan. B takes over all the stock at ₹7,000 and debtors amounting to ₹5,000 at ₹4,000. Machinery is sold for ₹55,000. The remaining debtors realise 50% of book value. The expenses of realisation amount to ₹600. It is found that an investment not recorded in the books is worth ₹3,000. This is taken over by one of the creditors at this value. Prepare the necessary Ledger Accounts.

P. T. O.

Or

The Balance Sheet of Ashok, Bimal and Chandra, who were sharing profits and losses in the ratio of 4 : 3 : 2 stood on 30th June, 2012 as under :

Liabilities	Amount (₹)	Assets	Amount (₹)
Sundry Creditors	15,000	Cash at Bank	10,000
Capital Accounts :		Sundry Debtors	10,000
Ashok	40,000	Less : Reserve	500
Bimal	30,000	Stock	20,000
Chandra	20,000	Plant and Machinery	17,000
		Buildings	40,000
		Investment	8,500
			<u>1,05,000</u>
			<u>1,05,000</u>

Bimal retires and following adjustments have been agreed upon before the ascertainment of the amount payable to him :

- Stock to be depreciated by ₹ 2,500.
- Reserve on Debtors to be raised to 10%.
- Buildings to be appreciated by 20%.
- Investment to be depreciated by ₹ 500.
- The Goodwill of the firm was determined at ₹ 18,000.
- Bimal's share of Goodwill was to be adjusted in the capital accounts of Ashok and Chandra in their new profit sharing ratio which was to be 3 : 2. The Goodwill Account was not opened in the books.

- The capital of the new firm of Ashok and Chandra was to be ₹ 50,000 divided between Ashok and Chandra in the new profit sharing ratio and their capital accounts were to be adjusted accordingly by bringing in cash.

Prepare necessary account giving effect to the above arrangements and draw up a Balance Sheet.