

(20614)

Roll No. ....

BBA - II Sem.

**18046**

**B. B. A. Examination, June 2014**

**Principles of Accounting**

**(BBA-206)**

**(New)**

*Time : Three Hours]*

*[Maximum Marks : 75*

*Note : Attempt questions from all Sections as per instructions. The use of calculator is allowed.*

**Section-A**

**(Very Short Answer Questions)**

Attempt all the *five* questions. Each question carries 3 marks. Very short answer is required not exceeding 75 words.  $3 \times 5 = 15$

1. Explain in brief the AS-10 Accounting for Fixed Assets.
2. What are the advantages and disadvantages of 'Slip system' of Bank Book-keeping?

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3. Is the **Receipt and Payments Account** a part of **Double Entry System**?
4. What do you understand by recoupment of short-workings?
5. What are the characteristics of partnership?

**Section-B**

**(Short Answer Questions)**

Attempt any *two* questions out of the following **three questions**. Each question carries  $7\frac{1}{2}$  marks. Short answer is required not exceeding 200 words.  $7\frac{1}{2} \times 2 = 15$

6. Differentiate between hire purchases system and instalment system.
7. Ram and Mohan are partners in a firm. Ram's capital is ₹10,000 and Mohan's capital is ₹6,000. The interest on capital is payable @6% p. a. A salary of ₹300 p. m. is paid to Mohan. The current year's profit, before interest and salary, was ₹8,000. Show the distribution of profit amongst Ram and Mohan.

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8. Discuss the 'stock and debtors' method of maintaining Branch Accounts.

**Section-C**

**(Detailed Answer Questions)**

Attempt any *three* questions out of the following five questions. Each question carries 15 marks.

Answer is required in detail.  $15 \times 3 = 45$

9. What is the object of 'accounting standard'? State the advantages of setting accounting standard.  
<https://www.ccsustudy.com>
10. What do you understand by the following items and where do they appear in the annual accounts of a General Insurance Company?
- (a) Outstanding claims
  - (b) Reinsurance claims
  - (c) Reserves for unexpired risks.

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11. A leased a colliery for 20 years. The dead rent was ₹ 7,500 a year, merging into a royalty of 37½ paise per tonne of coal raised with the right to recoup shortworkings out of royalties of two subsequent years from the period in which shortworkings arose. The quantity raised were :

Year	Output (tonnes)
2006	10,000
2007	15,000
2008	25,000
2009	15,000
2010	20,000

Give ledger accounts necessary for each year for the five years in the books of lessee.

12. Jindal Ltd. with its head office at Mumbai invoices goods to its branch at Kanpur at 20% less than the list price which is cost plus 100%. The head office has given the instruction that cash sales were to be made at invoice price and credit sales at catalogue price i. e. list price.

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Some of the stock of branch is destroyed by fire and it was uninsured:

	₹	
Stock at invoice price 1.4.2008	16,000	
Goods sent to branch	80,000	
Goods received by branch	60,000	
Branch debtors 1.4.2008	5,000	
<b>Sales:</b>		
Cash sales	₹ 20,000	
Credit sales	₹ 55,000	
Cash received from debtors	40,000	
Expenses paid	8,000	
Discount allowed to debtors	1,000	
Stock at invoice price 31.3.2009	7,000	
Cash remitted to H. O.	50,000	

From the above particulars, prepare the necessary accounts of the branch for the year ending as on 31.3.2009.

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13. M, L and G are partners sharing profits and losses in the ratio of 5 : 3 : 2 respectively. They had a joint life insurance policy of the face value of ₹ 1,00,000. The surrender value of this policy was ₹ 20,000 on 31st March, 2012. The balance sheet on this date was as under:

Liabilities	Amount (₹)	Assets	Amount (₹)
Capital Accounts:		Fixed Assets	1,25,000
M 1,00,000		Stock	55,000
L 50,000		Sundry Debtors	60,000
G 40,000	1,90,000	Cash	10,000
Sundry Creditors	40,000		
Outstanding Expenses	5,000		
Reserve	15,000		
Total	2,50,000		2,50,000

L retired on 31st March, 2012 and for this purpose the goodwill was valued at ₹ 25,000 on the basis of three year's purchase of average profits. Fixed assets were valued at ₹ 1,50,000. Stock was considered worth ₹ 50,000.

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L was to be paid in cash brought in by M and G in such way so as to make their capitals proportionate to their new profit sharing ratio which is 3 : 2 respectively. Joint Life Policy A/c is to appear in the new balance sheet of M and G. Prepare Capital Accounts and the Balance Sheet of M and G.