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Roll No. ....

BBA-II Sem.

**18046****B. B. A. Examination, May 2017****Principles of Accounting****(BBA-206)****(New Course)***Time : Three Hours]**[Maximum Marks : 75*

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

**Section-A****(Very Short Answer Questions)**

Answer all the *five* questions. Each question carries 3 marks. Very short answer is required not exceeding 75 words. 3×5=15

1. When accounting standards board was constituted in India by institute of Chartered Accounts of India :
  - (a) October, 1975
  - (b) April, 1977
  - (c) June, 1976
  - (d) November, 1979.
  
2. Goods sent on consignment account is a :
  - (a) Real account
  - (b) Nominal account
  - (c) Personal account.
  
3. If nothing is given, what is the percentage maintained by marine insurance companies for reserve for unexpired risk ?
  - (a) 40%
  - (b) 50%
  - (c) 60%
  - (d) 100%
  
4. When goods sent by the head office to the branch, but goods not received by the branch to the closing date of accounting year, then what entry will be in the books of branch ?

( 3 )

5. On dissolution of the firm, realization account is a :
- (a) Memorandum account
  - (b) Real account
  - (c) Personal account
  - (d) Nominal account.

**Section-B**

**(Short Answer Questions)**

Answer 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. Discuss different methods in preparing the accounting standards suggested by accounting standard board ?
7. If a hire-purchaser acquires ownership of asset before payment of some instalments, he is entitled for some rebate. Write the formula that you would apply to calculate the rebate. Give an example.

( 4 )

8. Geetika, Sonika and Monika are partners sharing profits in the ratio of 5 : 3 : 2. Monika retires and the goodwill of the firm is ₹ 3,00,000. Geetika and Sonika decide to share profits in future in the ratio of 2 : 1. Give journal entry for goodwill, when goodwill account is not be opened in the books.

**Section-C**

**(Detailed Answer Questions)**

Answer any *three* questions out of the following five questions. Each question carries 15 marks. Answer is required in detail.  $15 \times 3 = 45$

9. Name various accounting standards issued by the institute of Chartered Accounts of India. Explain any four.  $10 + 5$
10. From the following receipts and payments account of Anand Health Club, prepare income and expenditure account for the year ended as on 31st March, 2010 and its balance sheet as on that date :

Receipts	₹	Payments	₹
Subscriptions	12,000	Salaries	2,000
Entrance fees	1,000	Expenses for repair	500
Donations	5,000	Stationary expenses	150
Cash at Bank	10,000	Billiard Table	8,000
Cash in Hand	4,000	Insurance premium	200
Sale of old newspapers	150	Drama expenses	500
Sale of Drama Tickets	1,050	Purchase of investment	6,000
Interest on investments	100	Misc. Expenses	500
Interest received from bank	400	Furniture	6,000
		Cash in hand (closing)	2,650
		Cash at Bank (closing)	7,200
	33,700		33,700

**Additional information :**

1. Insurance premium outstanding ₹ 40
2. Misc. Expenses prepaid ₹ 90
3. 8% interest has accrued on investment for 5 months
4. 50% of donation is to be capitalized
5. Entrance fees are to be treated as revenue income.
6. Billiard table costing ₹ 30,000 was bought during the last year and ₹ 22,000 were paid for it.
7. Subscription in arrear for 2010 ₹ 900 and subscription in advance for 2011 ₹ 350. 15

11. Distinguish between Branch and Department. What entries are made in the books of the Head Office to incorporate the Trial Balance received from a Branch? Are there more than one ways to make these entries? If so, give them. 4+6+5
12. The Rathi Coal Company takes a lease of a coal mine for a term four years from 1st April, 2008 paying a minimum rent of ₹ 40,000 per annum merging into a royalty of ₹ 2 per tonne of coal raised. The lease contains a provision to the effect that if the minimum rent paid in any year exceeds the royalties for the year, the amount of the excess may be recouped by the coal company out of the royalty payable in the following year only. Coal was raised as follows :

Year	2008 - 09	2009 - 10	2010 - 11	2011 - 12
Coal (tonnes)	2,000	16,000	22,000	35,000

Give the journal entries necessary to record these transactions in the books of the Rathi Coal Company.

13. A, B and C are partners, sharing profits and losses in proportion of their capitals, which on 31st March, 2011 stood at ₹ 3,000, ₹ 2,000 and ₹ 1,000 respectively. The firm's liabilities on that date amounted to ₹ 3,000 apart from a contingent liability for ₹ 600 and not so far brought into the accounts which also matured for payment in addition. C had loaned ₹ 600 to the firm.

They decide to dissolve partnership on 1st April 2011 and the assets realized at ₹ 14,400. Give the balance sheet as on 31st March, 2011 and the ledger accounts to close the books of the firm. 3+12