

GANPAT UNIVERSITY
BBA Examination April 2012

BBA (GEN/FS/MM)
Semester II

Time: 3 Hours.

IIA03AIB Accounts in Business

Total Marks: 70

Instructions:

- (1) Use separate answer books for Section I and Section II.
- (2) Q1 in Section I and Q4 in Section II are compulsory.
- (3) Figures to the right indicate marks of each question.

SECTION – I

Q1 Pass necessary rectification entries to rectify the following journal entries written by Shivam. **(11)**

Sr. No.	Particulars	L. F.	Debit (Rs.)	Credit (Rs.)
1	Parvati's A/c To Cash A/c (Being the salary of current month paid to a clerk Parvati)	Dr	3000	3000
2	Purchase A/c To Kartikey's A/c (Being the goods of Rs 4000 sold to Kartikey on credit)	Dr	4000	4000
3	Purchase A/c To Cash A/c (Being the goods worth Rs. 10,000 purchased at 10 % trade discount and 4% cash discount)	Dr	8640	8640
4	Brokerage A/c To Cash A/c (Being the brokerage paid for the purchase of building for business)	Dr	5000	5000
5	Cash A/c To Mrudula's A/c (Being the amount written off as bad debts in last year, received in current year from Mrudula)	Dr	1750	1750
6	Bhavna's A/c To Cash A/c (Being the amount paid to Bhavna for cash purchases)	Dr	7000	7000
7	Income – Tax A/c To Bank A/c (Being the amount of income tax paid by cheque)	Dr	9200	9200
8	Cash A/c To Bank A/c (Being change taken from bank)	Dr	1000	1000
9	Rekha's A/c To Purchase Return A/c (Being the goods of Rs. 6000 returned by Rekha recorded in purchase return book)	Dr	600	600

10	Scooter A/c To Cash A/c To Discount A/c (Being the amount paid after deducting 5% discount for the scooter purchased for personal use)	Dr	10,000	9500 500
	Total		50,190	50,190

Q2(A) The following information is obtained from comparison of cash book and passbook. Prepare bank reconciliation statement of Rishi from this. Passbook of Rishi showed a credit balance of Rs. 3000 on 28-2-2012. **(06)**

- 1) Cheque of Rs.1000 was drawn and recorded in cashbook but by mistake was not handed over to a creditor. This cheque is found out from the drawer of a Table.
- 2) A cheque of Rs. 3000 is banked on 28-2-2012, for which credit is given by bank on 3-3-2012.
- 3) Bank has paid Rs. 2000 for insurance premium for which Rishi received information on 2-3-2012.
- 4) Rs. 3000 is deposited by a customer directly in bank, which was unrecorded in cashbook.
- 5) Interest of Rs. 100 is credited in passbook by bank, which remain unrecorded in cashbook.
- 6) A cheque of Rs. 6000 which was deposited in bank is dishonoured and this information is received on 1-3-2012.

Q2(B) Kaushal and kamini are partners sharing profit and loss in the ratio of 5:7. They admitted Adil in partnership with condition to give $\frac{3}{8}$ th share in profit, for which Adil would receive $\frac{2}{8}$ th share from kaushal and $\frac{1}{8}$ th share from kamini. determine new profit-loss sharing ratio. **(06)**

OR

Q2(A) State the purposes of preparation and utility of Bank Reconciliation Statement. **(06)**

Q2(B) Bhavin and Pooja are partners sharing profit in the ratio of 4:1. They admitted Soham with the condition that he will be given $\frac{1}{4}$ th share in profit. Soham would receive his share from Bhavin and Pooja in the proportion of 3:2. Compute new profit sharing ratio. **(06)**

Q3(A) A and B are sharing profit and loss in equal proportion. The balance sheet as at 31-3-2011 is as under: **(12)**

Balance Sheet as at 31-3-2011

Liabilities	Amount (Rs.)	Assets	Amount (Rs.)
Capital: A 2,00,000 B 2,00,000 -----	4,00,000	Land and building	2,00,000
Creditors	35,000	Plant and Machinery	1,00,000
General reserve	15,000	Investments	1,00,000
		Stock	10,000
		Debtors 33,000	
		-BDR 3,000	30,000
		Cash and Bank Balances	10,000
TOTAL	4,50,000		4,50,000

On the same day they admit 'C' with the following conditions:

- 1) 'C' would bring Rs. 1,50,000 as capital.
- 2) 'C' will be allowed 1/5 share in profit.
- 3) Land and Building valued at Rs. 3,00,000.
- 4) The value of Plant and Machines is to be increased by Rs. 20,000.
- 5) Investment valued at Rs. 80,000.
- 6) Provide 10% for bad debts reserve on debtors.
- 7) Out of creditors Rs. 1750 are not required to pay.

From the above information pass-out journal entries, prepare revaluation account, Partners capital accounts and balance sheet of the new firm.

OR

Q3

Raj and Anand are partners of a partnership firm sharing profit and loss in the equal ratio. Their balance sheet as on 31-3-2005 is as under:

(12)

Balance Sheet as at 31-03-2005

Liabilities	Amount (Rs.)	Assets	Amount (Rs.)
Capital: Raj- 60,000 Anand-30,000	90,000	Land and Building	50,000
Creditors	5,000	Machines	30,000
Profit and Loss account	2,000	Stock	4,000
General Reserve	3,000	Debtors	6,000
		Cash balance	10,000
TOTAL	1,00,000		1,00,000

On the balance sheet they admitted Parag on the following conditions:

- 1) Parag would bring capital equal to his share in the firm and Rs. 6000 in cash towards goodwill.
- 2) New profit and loss sharing ratio is determined at 3:2:1.
- 3) Market value of land and building is Rs. 48,000 while Market value of machine is Rs. 34,000. Market values are to be recorded in the books.
- 4) Salary outstanding Rs. 1500.
- 5) Outstanding income of Rs. 500 is to be recorded.

From the above information, prepare necessary accounts and new balance sheet in the books of the firm. Show all calculations as a part of answer.

SECTION – II

Q4

Following accounting information is obtained relating to Pranav Paper Mills Ltd.

(11)

	Rs.
Sales	30,00,000
-Cost of goods sold	<u>15,00,000</u>
	15,00,000
- Administrative, selling and financial expenses	<u>5,00,000</u>
	10,00,000
-Taxes	<u>5,00,000</u>
Net Profit	5,00,000

Balance Sheet

Liabilities	Rs.	Assets	Rs.
10% Preference share capital	20,00,000	Fixed Assets	55,00,000
Equity share capital	20,00,000	Stock	2,00,000
Reserves	10,00,000	Debtors	3,00,000
10 % Debentures	11,00,000	Bills Receivable	1,00,000
Creditors	1,50,000	Cash	2,00,000
Bank overdraft	1,00,000	Fictitious Assets	1,00,000
Bills Payable	40,000		
Outstanding Expenses	10,000		
TOTAL	64,00,000		64,00,000

Opening stock was Rs. 3,00,000. Assume 360 days in a year. Compute the following ratios and give a brief statement on financial position.

- 1.) Gross Profit Ratio
- 2.) Operating Ratio
- 3.) Stock Turnover Ratio
- 4.) Current Ratio
- 5.) Liquid Ratio
- 6.) Debtor's Ratio
- 7.) Rate of Return on Capital Employed

Q5(A) M, K and H are partners sharing the profit and loss in equal proportion. The balance sheet of their firm as at 31-12-2010 is as under: (12)

Balance Sheet

Liabilities	Rs.	Assets	Rs.
Capital: M-9,000 K-6,000 H-6,000	21,000	Land -Building	12,000
General Reserve	1200	Goodwill	5,400
Investment Fluctuation fund	360	Investment	1,500
Creditors	3600	Debtors 3,000 -BDR 240	2,760
		stock	3,000
		Cash Balance	1,500
TOTAL	26,160		26,160

On 1-1-2011 H has retired and following terms are agreed upon:

- 1.) The land and building valued at Rs. 15,000.
- 2.) Maintain investment fluctuation fund of Rs. 150.
- 3.) Out of Debtors, all are solvent.
- 4.) The goodwill of the firm is to be valued at an average profit of the last 5 years.
- 5.) The value of stock is Rs. 2820.
- 6.) Figures for the profit of last 5 years are as under:

Years	Profit(Rs.)
2010	3000
2009	2400
2008	2700
2007	4200
2006	3450

Prepare all necessary accounts and balance sheet

OR

Q5(A) A, B and C are partners in the proportion of 2:2:1. Where C died on 30-6-2011. The accounting year of the firm is the calendar year. The average profit of the last 3 years is Rs. 50,000. Determine C's share on the basis of time. (06)

Q5(B) Z retires on 1-7-2010. His capital for the year 2009 was Rs. 1,00,000. The net Profit of Rs. 10,000 earned by Z in the same year had been withdrawn by him. Determine Z's share of the profit for the year 2009, till the date of retirement on the basis of the rate of return on the capital. (06)

Q6 Write in brief advantages of computerized accounting system. (12)

OR

Q6(A) State the difference between computerized accounting system and Manual accounting system. (06)

Q6(B) Describe the circumstances of a partner's retirement. (06)

END OF PAPER