

GANPAT UNIVERSITY**BBA Examination April 2014****BBA (GEN./FS/MM)), Semester 2 (CBCS)****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** From the following particulars prepare a bank Reconciliation statement as on 31st march 2013 **(11)**
- (i) Balance as per the passbook on 31st march 2013 overdrawn Rs. 8,000
 - (ii) Cheque drawn on 25th March 2013 but not collected till April 2013 Rs. 1,500, Rs.500 and Rs.800
 - (iii) Interest on bank overdraft not entered in the cash books Rs. 200
 - (iv) Outstation cheque Rs. 3,000 deposited in to the bank but collected in April 2013
 - (v) Rs. 1,000 insurance premium paid by the bank as per trader standing order has not been entered in the cash book
 - (vi) Chamber of commerce fee Rs. 300 paid by the bank for traders but not recorded in the cash book
 - (vii) Collection charges of Rs. 100 Charged by the bank but not entered to the cash book

- Q2** X and Y are partners in a firm sharing profits in the ratio of 2:1 the balance sheet of the firm on 31st December, 2010 was as follows : **(12)**

Liability	Rs.	Assets	Rs.
Creditor	36000	Bank balance	50000
Investment provision	10000	Debtors 20000	38000
Worker companion fund	4000	Less B.D.R. 1000	
General reserve	10000	Stock	30000
X capital	50000	Investment	50000
Y Capital	70000	Goodwill	12000
	180000		180000
	=====		=====

On the above date L. is admitted for 2/5th share in the profits of the firm.

Following revaluations were made at the time of admission

- 1) Market value of investments is Rs. 60,000
- 2) Claim on account of compensation is estimated at Rs. 300
- 3) Provision for doubtful debt is required at Rs. 1200
- 4) X an old customer whose account was written off as bad has promised to pay Rs.700 in settlement of his full claim.
- 5) X and Y purchased a machinery on hire purchase system for Rs.6,000 of which only Rs. 200 are to be paid. Both machinery and unpaid liability did not appear in the balance sheet.
- 6) There was a joint life policy on the lives of X and Y for Rs.30,000. Surrender value of the policy on the date of admission amounted to Rs. 5,000 It was decided to record this as an assets of the new firm.
- 7) L. is required to bring in Rs. 20,000 as capital her share of good will was calculated at Rs. 24000 Full value of goodwill is to be raised in the books.

You are required to prepare ;

- 1) Profit and Loss Adjustment A/C
- 2) Capital accounts of partners.
- 3) Balance sheet of the new firm.

OR

- Q2** P and R .are partner in a firm sharing profit and loss in ratio of 3:2. The Balance sheet of the firm as on 31st December, 2011 is as follows: **(12)**

Balance Sheet

Liabilities	Rs.	Assets	Rs.
Capital :		Land and Building	62,000
P: 1,60,000		Machinery	80,000
R: 80,000	2,40,000	Stock	90,000
General Reserve	30,000	Bills Receivable	22,000
Worker's Accident compensation fund	14,000	Debtors 70,000	
		Less: B.D.R. 4,000	66,000
Creditors'	40,000	Cash/Bank Balance	42,000
Provident Fund	30,000		
Bills Payable	8,000		
	3,62,000		3,62,000

They admitted M. from 1-1-2012 giving him 1/5th share in the profit on following conditions:

- 1) M. will bring Rs.40,000 as his share of goodwill.
- 2) Provision of Rs.4,000 be made in respect of outstanding expenses.
- 3) Bad debts reserve to be maintained at 10% on Debtors.
- 4) For accrued commission Rs.16,000 no entry is made in the books.
- 5) The new Profit sharing ratio 3 : 1 : 1 in new partnership.
- 6) Land-Building to be appreciated by 10% & Machinery to be depreciated by 10%.
- 7) M. will have to bring such an amount as capital which would be equal to 1/5th of the net assets of the new firm.

Prepare from the above information Profit and Loss Adjustment Account, Partners' Capital Accounts and Balance sheet of the new firms.

Q3

X, Y, and Z were partner in firm with profit sharing ratio 3;2;1 The balance sheet of the firm at 31st March 2012 was as follows **(12)**

Liabilities	Rs.	Assets	Rs.
Creditor	21,000	Goodwill	6,000
Worker Compensation Fund	12,000	Cash & bank	5,750
Employee provided Fund	6,000	Debtors	38,000
Investment Fluctuation fund	6,000	Stock	37,650
Capital Account		Investment (Market Value 17,000)	16,000
X capital	68,000	Patents	10,000
Y capital	32,000	Machinery	50,000
Z capital	21,000	Advertisement	3,600
		Expenditure	
	1,66,000		1,66,000

Z Retired on the above date on the following

- (1) Goodwill of the firm was valued at Rs.20,000
- (2) Value of the patents was to be reduced by 20% and that machinery to 90%
- (3) The provision of doubtful debts was to be raised to 6%
- (4) Liabilities on account on provided fund was only Rs.3,000
- (5) Liabilities for workman compensation to the extent of Rs. 6,000 is to be created
- (6) Z took over the investment at market value
- (7) Amount due to Z is to be settled on the following basis
50% on retirement, 50% of the balance within one year and balance by bill of exchange (without interest At 3 months.)

you are required necessary account of firm and new balance sheet of fir

OR

Q3

Ram, Rahim and Rehman are partners of a firm sharing the profit loss in the proportion of 4:1:1. The balance sheet of their firm as at 31-12-2012 is as under: **(12)**

Balance Sheet

Liability	Rs.	Assets	Rs.
Capital		Land – building	12,000
Ram 15,000		Furniture	6,000
Rahim 12,000		Motor	9,000
Rehman 9,000	36,000	Debtors	22,500
General reserve	3,000	Stock	7,500
Bills Payable	1,000		
Creditor	17,000		
	57,000		57,000
	=====		=====

Rehman has decided to retire on 1-1-2013. The following accounting treatments are to be incorporated.

1. Increase the value of land and building and furniture by 10%.
2. Reduce the value of stock to Rs. 7,000.
3. Debtors of Rs. 600 are bad and to be written off.
4. Bills payable of Rs. 200 now are not payable.

When Rehman retires the goodwill is determined for Rs. 7,200. The accounting treatment only for the share of the goodwill of Rehman is to be given and the same is to be shown in the balance sheet. Retain the dues of Rehman as a loan in the firm.

Prepare revaluation account, capital accounts and balance sheet after the retirement of Rehman.

Section-II

The following is the summarized balance sheets of D. Ltd.:

Balance Sheet

Liabilities	31-3-04	31-3-05	Assets	31-3-04	31-3-05
Equity share capital	300000	400000	Land-Building	200000	250000
10% Pref. share capital	200000	250000	Machinery	250000	290000
General Reserve	100000	125000	Furniture	61000	75000
Profit & loss A/c	30000	35000	Stock	150000	180000
12% Debentures	100000	100000	Debtors	120000	150000
Creditors	80000	90000	Bills Receivable	30000	40000
Bills payable	20000	15000	Cash balance	24000	35000
Staff provident fund	60000	70000	Prepaid expenses	50000	70000
Bank overdraft	10000	15000	Preliminary exp.	15000	10000
	900000	1100000		900000	1100000
	=====	=====		=====	=====

From the above information, you are to calculate the following ratio and interpret the Ratio

1. Current Ratio
2. Liquid Ratio
3. Proprietor Ratio
4. Rate of Capital employed Ratio

Net Profit-; 2003-04 Rs. 2,60,000 2004-05 Rs. 410,000 (Before Interest And Tax)
Tax Rate 50%

Rectify the following errors by way of journal entrées

- (i) Preeti was paid cash Rs. 2,800 but jyoti was debited by 2,000
- (ii) table and chairs purchased for Rs. 5,000 were debited to the purchase Account
- (iii) Wages amounted Rs. 7000 for machinery erection were debited to the wages account
- (iv) Goods purchased Rs. 5,000 were posted as Rs. 500 as to the purchase Account
- (v) Goods purchased for Rs 1,000 for the proprietor use were debited to the purchase Account
- (vi) Machinery written off Rs. 1,000 has not been posted to the Depreciation account
- (vii) Goods purchased for Rs.200 were posted as Rs. 2,000 to the purchase account
- (viii) Rs. 1000 received from Preeti was debited to her account

- (ix) The Returns inward Books for December was totaled short by Rs. 1000
- (x) A purchase Returns of Rs. 1,000 to Ranbir was not recorded

OR

Q5

Give the journal entries to rectify the following errors using suspense account where necessary

(12)

- (i) Goods of the value of Rs. 2,000 returned by Mr. Gupta were entered in the sales book and posted there from to the credit of his account.
- (ii) Goods worth Rs. 1,500 bought by the proprietor for his personal use without any payment being made as yet was wrongly entered in the purchase book
- (iii) A cheque for Rs. 500 received from Ashok was dishonored and has been posted to the debit of sales Return Account
- (iv) The total of one page of the sales book was carried forward to the next page as Rs.680 instead of Rs. 860
- (v) An item of Rs. 500 relating to pre paid insurance account was omitted to be brought forward from the previous year books

Q6

Write the elements of computer system.

(12)

OR

Q6(A)

Distinguish between computerized and manual accounting.

(06)

Q6 (B)

Explain in brief the advantages of computer Accounting system.

(06)

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