



ADITYA DEGREE COLLEGES

* ANDHRA PRADESH *

PRE FINAL - EXAMINATIONS

I B.Com II SEMESTER

ACCOUNTING -II

Max. Marks : 75 M

Time: 3 Hours

Date: 26.03.2020

SECTION-A

I. Answer any FIVE of the following questions: 5 x 5 = 25 M

1. What are the differences between straight line method and diminishing balance method.
2. Define Depreciation. What are the causes for Depreciation.
3. What are the differences between consignment & Joint venture ?
4. Write a short note on proforma invoice & account sale
5. Explain different kinds of Reserves.
6. what are the differences between Reserve and Provision ?
7. Write a short notes on Receipt and Payment A/c
8. What is meant by Non - Trading Concerns. What are the features of it ?

SECTION-B

II. Answer the following questions: 5 x 10 = 50 M

9. a) On 1.1.2016, Raman purchased machinery worth Rs.50,000. on 1.04.2017, the additional machinery worth Rs10,000 was purchased. On 30.06.2018 the machinery purchased on 1.1.2016 became absolute and was sold for Rs.35,000. Prepare machinery A/c for 4 years charging the depreciation @ 15% p.a on both the machines under fixed Instalment method.

(Or)

- b) Sita Ram purchased a machine on 30.6.2016, for Rs. 80,000 and spent Rs.5,000 for its installation on 1.1.2017, he purchased another machine worth Rs.15000. The machine purchased on 30.06.2016 was unsuitable and was sold for Rs.70,000 on 31.12.2019. Prepare machinery account charging depreciation @ 10% p.a on reducing balance method.
10. a) On 1.1.2017, the provision for bad debts showed a credit balance of Rs. 3,600. During the year bad debts amounted to Rs.2,800. The debtors on 31.12.2017 amounted to Rs. 80,000 and prision of 5% for doubtful debts was maintained. In 2018, the debts amounted Rs.1200 and the debtors at the end of the year amounted to Rs.40,000 on which a provision of 5% for bad debts was to be maintained. Make journal entries and prepare the provision for doubtful debts account of the respective year.

(Or)

- b) A Trader creater reserve for bad debts on Sundry debtors at 5% and discount Reserve on Sundry debtors at 2% p.a. The following are the ledger balances for the year ended 31st December.

| | 31.12.2017 | 31.12.2018 |
|------------------|------------|------------|
| | Rs/- | Rs/- |
| Bad debts | 24000 | 8000 |
| Discount allowed | 8000 | 3500 |
| Sundry debtors | 240000 | 85000 |

Balance of Reserve for bad debts as on 1.1.2017 is Rs. 15000 and discount reserve on sundry debtors is Rs.6000. You are requested to prepare necessary ledger A/c for 2017 and 2018

11. a) Ravi of Kakinada consigns 150 radios costing Rs 250/- each to Gopi of Guntur Expenses incurred on despatching them were Rs.1500. On the way 20 radios were damaged due to accident and insurance claims of Rs.2000 was accepted. Gopi took delivery of the remaining goods and incurred direct expenses Rs.650/- and indirect expenses Rs.200. He sold 110 radios at Rs. 325/- per radio. Prepare consignment A/c and consignee A/c assuming that consignee is paid 5% commission on gross sales.

(Or)

- b) Suman & Co of Hyderabad consigned goods of the value of Rs.10,000 at a proforma invoice of 25% above the cost to him agent Bhanu at Madras. He paid freight and insurance charges amounting to Rs.500/- Bhanu accepted a bill for Rs.2500 drawn by Suman & Co. Suman & Co received account sales showing that 3/4th of the goods were sold for Rs.10,500/-. Bhanu deducted his expenses Rs.250/- commision at 5% and sent a bank draft for the amount due. Show the necessary ledger amount in the books of Suman & Co.
12. a) 'A' and 'B' entered into Joint venture for the sale of cotton goods. Profit & losses were to be shared in the ratio of 3:2. Bank account was opened in their Joint - names. A paying Rs.30000 and B Rs. 20000. Their transactions were as follows. '
 a) Bought goods Rs. 60000 b) Goods supplied by A from his stock Rs.2000
 c) Selling expenses Rs. 8000.

They sold all the goods for Rs.80,000 except goods valued Rs.10000. Which were taken over by B for his own use. A was allowed 5% commission on sales for effecting the transactions. The Joint venture was closed after making the final sattlement. Pass joined entries and prepare necessary ladger account in a seperate set of books.

(Or)

- b) Write Journal entries when joint venture transctions are recorded by one of the co venturer
13. a) The following is the Receipt & Payments account of the Deccan sports club for the year ending 31.12.2018

| Receipts | | Payment | |
|------------------------------|-------|--------------------------------|-------|
| To Balance 1.1.2018 | 1000 | By Ground maintenance Expenses | 9600 |
| To Entrance Fee | 520 | By Wages to Grounds men | 9200 |
| To interest on investment | 800 | By Electricity charges | 200 |
| To Subscriptions | 13600 | By Printing & Stationery | 1000 |
| To Income from Sports events | 5000 | By Postage & Telegrams | 320 |
| | | By Balance 31.12.2018 | 600 |
| Total | 20920 | Total | 20920 |

AWDC - KKD

Grounds maintenance expenses Rs.9600 include Rs.600 applicable to 2017. Printing & Stationery Rs.1000 includes Rs. 200 of 2017. entrance fees are to be capitalised. The outstanding payment as on 31.12.2018 were printing Rs.400, wages to groundsmen Rs.200.

From the above particulars, Prepare an Income & Expenditure account for the year 2018.

(Or)

b) Prepare the Income & Expenditure A/c of Hyderabad club from the particulars given below for the year ending 31.12.2020.

| Receipts | | Payment | |
|---|-------|--------------------------|-------|
| To Balance b/d | 1200 | By Salaries | 6500 |
| To Subscriptions (including 400 for 2021) | 6400 | By Rent | 1200 |
| To interest on investments (Investments cost RS.40000) | 2500 | By Printing & Stationery | 180 |
| To Bank interest | 50 | By Postage | 50 |
| To sale of Furniture | 500 | By cycle Purchase | 800 |
| | | By Govt Bonds | 1000 |
| | | By Balance c/d | 920 |
| | 10650 | | 10650 |

Adjustments :-

1. Subscriptions received included Rs. 200/- of 2019.
2. Rent paid included Rs. 100/- for December 2019.
3. Subscriptions due for 2020 Rs. 300/-
4. Salaries payable Rs.600/-
5. Cost of Furniture sold was Rs. 640/-