



# SHREE H. N. SHUKLA COLLEGE OF I.T. & MGMT.

(AFFILIATED TO SAURASHTRA UNIVERSITY, GTU & Swarnim Gujarat Sports University)

3- Vaishalinagar  
Nr. Amrapali Under Bridge  
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Ph. No–(0281)2471645

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B.B.A. SEM – 2  
Sub.: Business Accounting

Prelims Paper  
Marks : 70

Q - 1. Explain Accounting Standards Boards of India (with functions, scope and procedure for issuing accounting standards) [20]

OR

Q - 1. What is Accounting Standards? Explain history of development of accounting standards & state its benefits. [20]

Q - 2. [20]

A firm purchased certain machineries on 1/1/2001 for 1,80,000 for which the cost of carriage was 10,000 and cost of installation was 10,000, Depreciation on machinery is charged at 10% per annum on reducing balance method. The accounting year of the firm ends on 31 December.

On 1/7/2003, one fourth of the machinery was sold at 20% more than the book value and another machine costing 80,000 was purchased on the same date.

On 1/1/2004, one fourth of the machinery installed on 1/1/2004 was sold at 10% less than its depreciated value. Another machine was purchased on 1/10/2004 for 1,00,000.

Prepare Machinery Account and Depreciation Account for four years from 2001 to 2004.

Or

Q - 2. [20]

From the following transactions off purchases and issue of material “S” during the period from 1<sup>st</sup> January, 2011 to 31<sup>st</sup> March 2011:

Prepare Stock Register as per LIFO (last in first out) method, FIFO and weighted average method:

Date	Units	Rates per Unit Rs.	Date	Units
2011			2011	
Jan. 3	4000	5-00	Feb 1	2000
Jan. 23	500	4-00	Feb 15	4000
Feb. 9	6000	6-00	March 3	1000
March 13	4500	5-00	March 20	5000

Additional Information:

- (1) Stock on 1<sup>st</sup> Jan. 2011 was 1,000 units at the rate of Rs. 4 per unit.
- (2) From the issues of 3<sup>rd</sup> March, 200 units have been returned back to store on 5<sup>th</sup> March.
- (3) Physical checking of stores on 31<sup>st</sup> March revealed shortage of 100 units.



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Q - 3.

[15]

You are required to prepare the Income and Expenditure Account or the year ending 31<sup>st</sup> Dec. 2004 and the Balance sheet as on that date from the following particulars supplied to you by the Bombay Sports Club.

Balance Sheet as on 31<sup>st</sup> Dec., 2004

Liabilities	Rs.	Assets	Rs.
Subscription received in advance	1,200	Land and building	60,000
Outstanding Expenses	2,800	Cash on hand	20,000
6% Loan	10,000	Outstanding Debtors:	
Income and Expenditure A/c	3,240	For Subscription	760
Capital fund	64,000	For Locker's rent	480
	81,240		81,240

Dr.	Receipts and Payments Account		Cr.
Particulars	Rs.	Particulars	Rs.
To balance B/f (on 1/1/04)	20,000	By Expenses:	
To Subscription:		2003	2,400
2003	400	2004	4,000
2004	4,200	By furniture (1/7/04)	8,000
2005	300	By Interest on loan	300
To Entrance fees	1,600	By Refreshment expenses	4,500
To Locker's rent	1,400	By Balance C/f (on 31/12/04)	16,700
To Income from refreshments	8,000		
	35,900		35,900

Adjustments:

1. Subscriptions due but not received for the year 2004 Rs. 1,600.
2. Expenses due but not paid for the year 2004 rs. 500
3. Salary due but not paid Rs. 1,000.
4. Depreciation land and building at 5% and furniture at 10%.
5. One-half of the entrance fee is to be capitalized.
6. Locker's rent due but not received or the year 2004 Rs. 180.

OR

Q - 3.

[15]

From the following information supplied by the secretary of the Mehsana Youth Club, prepare 1) Receipts and Payments Account 2) Income and Expenditure Account for the year ending 31<sup>st</sup> December, 2004 3) The Balance Sheet as on the same date.

Particulars	Rs.	Rs.
Cash at bank:		
On 31/12/2003		8,000



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On 31/12/2004		11,675
Investments (on 31/12/2003)		10,750
Furniture and Fittings (on 31/12/2003)		5,000
Investments purchased during the year		3,850
Entrance fees (to be capitalised)		8,750
Subscription received during the year		69,300
Further information regarding subscription:		
Arrears of 2003	6,125	
Arrears of 2004	5,775	
Received in advance in 2003	1,925	
Received in advance in 2004	1,575	
Expensed paid during the year		1,00,625
Further information regarding expenses:		
Expenses unpaid in 2004	7,645	
Expenses prepaid in 2004	2,500	
Expenses unpaid in 2003	5,375	
Expenses prepaid in 2003	1,000	
Surplus from programmes in 2004		25,250
Interest received in 2004		4,850
Opening Capital Fund		23,575

Q - 4.

[15]

Following is the Trading and Profit and Loss A/c o Kiran Ltd. for the year ended on 31/12/2016:

Dr.	Trading and Profit & Loss A/c		Cr.
Particulars	Rs.	Particulars	Rs.
To Direct Materials	6,00,000	By sales (6,000 units at	17,13,800
To direct Labour	3,60,000	60% capacity)	
To Direct Expenses	1,20,000		
To Factory Overheads			
Fixed	1,00,000		
Variable	1,20,000		
To Gross Profit C/f	4,13,800		
	17,13,800		17,13,800
To Office Overheads (fixed)	1,50,000	By Gross Profit B/f	4,13,800
To Selling Overheads			
Fixed	60,000		
Variable	48,000		
To Net Profit	1,55,800		
	4,13,800		4,13,800



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Following information are available for the year 2017:

- (1) Production will be done at 100% capacity and 80% of production will be sold
- (2) Price of material per unit will increase by 20% and labour rate will also increase by 10%
- (3) There will be an increase of 25% in variable selling overheads per Fixed overheads will increase as under:
- (4) Fixed Overheads will increase as under:
  - (1) Factory overheads 50%
  - (2) Selling overheads 33 1/3%
  - (3) Office overheads \* 40,000
- (5) Rate of profit on cost will increase by 100%

From the above particulars, prepare,

- (1) Cost Sheet showing total cost and cost per unit for the year 2016.
- (2) Estimated cost sheet showing total cost and cost per unit for the year 2017.

Or

Q - 4.

[15]

Narmada Transport Company owns a fleet of 4 Metador which are used to carry students of Narmada College from Bharuch Station to College and back a total distance of 16 km. Each Metador makes 2 (Two) round trips a day and carries 20 passengers in a single trip. All the metador works 25 days in a month. Following are the expenses from which you are required to find out cost per passenger km to Narmada Transport Company,

Particulars	Rs.
Salary of 4 drivers per month	2,000
Salary of 4 cleaners per month	1,600
Diesel charges per litre	3.50
Road taxes per day per passenger	2
License fees per metador per year	480
Garage Rent (Total) per annum	12,000

Insurance charges (yearly) 5% on cost of vehicle.

Maintenance 50% of depreciation charges.

Each Metador costs 90,000 and has scrap value of 9,000 at the end of its life of 9 year Each Metador runs 10 km in one litre diesel.

College contributes 50% of the freight to be charged from student.

If 1/4 of the cost is charged as profit by Narmada Transport Company, what will the student pay per month to the college as transport charges?