

Mid-West University
Examinations Management Office
Surkhet, Nepal
End-Semester Examinations-2080
Bachelor of Business Studies (BBS)
Semester - VIII

Subject: Business Accounting
Full Marks: 60 Pass Marks: 30

Course Code: ACC 485
Time: 3:00 Hours

You are required to answer in your own words as far as applicable. Figures in the margins indicate full marks.

SECTION A: VERY SHORT ANSWER QUESTIONS (10 X1 = 10 MARKS)

Answer **ALL** the questions.

1. Distinguish between fixed capitals and fluctuating capitals.
2. Explain the concept of admission of new partners.
3. A and B are partners sharing profits and losses in the ratio of 5:4. C is admitted as a partner for the $\frac{1}{4}$ th share of profit. Calculate new profit-sharing ratio.
4. A and B are partners sharing profits and losses in the ratio of 2:1. They admit C as a partner for the $\frac{1}{4}$ th share who pay Rs. 30,000 as a premium of goodwill. Required journal entries.
5. State any two essential features of the installment system.
6. Write the concept of consignment in short.
7. How do you understand the concept of the death of a partner?
8. What are the recurring and non-recurring expenses used in the consignment?
9. Write the concept of partnership firm.
10. How does the deficiency of insolvent partner share by solvent partner using Graner vs Murray decision?

SECTION B: SHORT ANSWER QUESTIONS (3 X 8 = 24 MARKS)

Answer any **THREE** questions.

11. What do you understand by a joint venture? State its main features. [2+6]
12. What is meant by the hire purchase system? What are the essential features of hire purchase system? [2+6]
13. A company purchased a machine for Rs. 60,000 on hire purchase system on 1st January 2004, and the payment thereof was to be made in four yearly installments of Rs. 15,000 each. The cash value of the machine is Rs. 50,000. The company decided to charge the depreciation at 10% on straight line basis.
Required: Machine account and Vendor's account in the books of X company. [4+4]
14. A cold drink shop bought a refrigerator on installment purchase system on the following terms and conditions.
 - a. The cash down payment at the date of agreement is Rs. 9000.
 - b. The outstanding amount is to be settled by paying two equal annual installments of Rs. 11,760 at the end of each year.
 - c. The rate of interest applicable is 12% p.a.**Required:** The cash price of the refrigerator and the vendor's account in the books of purchaser. [4+4]
15. The followings are the joint venture transactions of Mr. Mama and Mr. Bhanja agreeing to the share profit and losses in the ratio of 3:2.
 - a. Goods purchased by Mr. Mama for joint venture costs Rs. 30,000.
 - b. Cash received from Mr. Bhanja is Rs. 16,000 as a capital.
 - c. Joint venture expenses paid by Mr. Mama are Rs. 12000.
 - d. Mr. Mama sold goods worth Rs. 50,000 and he is entitled to a commission of 5% on sales.
 - e. Unsold goods taken by Mr. Bhanja is amounting to Rs. 9500**Required:** Joint venture A/C and Mr. Bhanja A/C in the books of Mr. Mama. [4+4]

SECTION C: LONG ANSWER QUESTIONS (2 X 13 = 26 MARKS)

Answer any **TWO** questions.

16. A, B and C are in a firm, sharing the profits and losses in the ration of 2:3:1. The balance sheet of the firm as of 31 December 2022 was as follows.

Capital and Liabilities	Amount	Assets	Amount
Capital A	60,000	Debtors 36,000 Less : Reserve 1000	35,000
Capital B	80,000		
Capital C	50,000		
Reserve Fund	32,000	Building	1,00,000
Bills Payable	90,000	Plant	80,000
		Furniture	20,000
		Stock	50,000
		Goodwill	10,000
		Cash at Bank	17,000
Total	3,12,000	Total	3,12,000

C retires on 31st December 2022, subject to the following adjustment.

- The goodwill of the firm was to be valued at Rs. 58,000
- Plant to be depreciated by 10% and furniture by 5%.
- Building to be appreciated by 10% and stock by 15%
- Reserve for doubtful debts to be raised to Rs. 4000
- The amount due to C was to be paid in cash by bringing in the necessary amount of cash to make the capital of the remaining partners equal to the new profit-sharing ratio.

Required: Revaluation A/C, partners capital A/C and balance sheet

[4+5+4]

17. Naresh consigns 1000 bats costing Rs. 500 each to Ram for sales and incurs Rs. 4,000 towards freight and Rs. 1,000 for insurance. Ram was able to take the delivery of 900 bats only and 100 bats were destroyed in transit. The insurance company admitted the claim and paid the same. Ram will be entitled to a commission of 5% on total sales. Ram has spent Rs. 2000 towards sales expenses. The sales are as below:

500 bats at Rs. 600 per bat in cash; 200 bats at Rs.700 per bat on credit. Consignment debtors paid their dues except one customer to whom 4 bats were sold for Rs. 2,800 could pay only Rs. 800.

Required: Consignment account and Ram account in the books of Naresh.

[8+5]

18. Write the concept and features of retirement of a partner and dissolution of the partnership firm. Explain the matters to be included in the partnership deed in detail.

[3+3+7]

THE END