

C.U.SHAH UNIVERSITY

Summer Examination-2018

Subject Name : Compulsory Accountancy –II

Subject Code : 4CO02CAC2

Branch: B.Com (English)

Semester : 2

Date :02/05/2018

Time : 10:30 To 01:30

Marks : 70

Instructions:

- (1) Use of Programmable calculator & any other electronic instrument is prohibited.
- (2) Instructions written on main answer book are strictly to be obeyed.
- (3) Draw neat diagrams and figures (if necessary) at right places.
- (4) Assume suitable data if needed.

- Q-1** **Attempt the following questions:** **(14)**
- a) Purchase consideration of Business + Capital Reserve = 1
 - (a) Net assets of Business (b) Goodwill
 - (c) Consideration (d) Total Assets of Business
 - b) A Company has born and a firm has paid dissolution expenses of Rs. 2000, due to conversion of partnership into a company. If the net assets of the business is of Rs. 3,23,000, find the purchase consideration of the business. 1
 - (a) Rs. 3,21,000 (b) Rs. 3,27,000 (c) Rs. 3,25,000 (d) 3,23,000
 - c) Which price of Share and Debenture are considered for Purchase consideration... 1
 - (a) Face value (b) Average Value (c) Market value (d) None of the above
 - d) When a purchaser bears the firm's dissolution expenses, then the same is debited to which account? 1
 - (a) share capital (b) vendor's A/C (c) Dissolution expenses (d) Goodwill
 - e) If all types of full consideration are not given, then purchase price is found out by 1
 - (a) Evaluation Method (b) Net Assets method
 - (c) Consideration Method (d) none of the above
 - f) While calculating the purchase price, the number of shares issued by the purchasing company is calculated at their – 1
 - (a) Cost Price (b) Face value (c) Market Price (d) Decided Price
 - g) If there is a debit balance of any one partner's capital account the same will be distributed among the remaining partners: 1
 - (a) not Distributed (b) As per their profit and loss sharing ratio.
 - (c) As per ratio of their Capital (d) None of the above
 - h) Amount reserved for Dissolution expenses will be subtracted from the instalment. 1
 - (a) First (b) Second (c) Third (d) Last instalment
 - i) Receipt and Payment Account is just like..... Account. 1
 - (a) Profit and Loss (b) Cash (c) Income expenditure (d) Trading A/C
 - j) State which of the following institution can rightly present their final accounts through Income and Expenditure Account? 1
 - (a) Litecom pvt.Ltd. (b) Sun Shine Club
 - (c) Balaji Paper Mills (d) pk Manufacturing Company.
 - k) Capitalised entrance fee is recorded in the Account – 1



- (a) Balance Sheet (b) Trading A/c (c) Capital Fund A/c (d) P & L A/c
- l) Accounting Standard No- 7 1
- (a) Construction Contract (b) Depreciation (c) Cash flow (d) None of the above
- m) Fixed assets is Accounting Standard No- ? 1
- (a) 8 (b) 9 (c) 10 (d) 6
- n) In which year Construction Contract Accounting Standard Implied? 1
- (a) 1991 (b) 1993 (c) 1999 (d) 2003

Attempt any four questions from Q-2 to Q-8

Q-2 Attempt all questions (14)

(a) Write the Necessary All Journal entries on Book of Selling Company. 7

(b) Explain Accounting Standard No -6. 7

Q-3 Attempt all questions (14)

K and L are partners in a firm sharing profit and Losses in the ratio of 3:2. The Balance sheet of their firm as on 31-03-2017 is under: 14

Liabilities	Rs.	Assets	Rs.
Capital Accounts:		Machinery	42,500
K- 75,000		Furniture	37,500
L - 55,000	1,30,000	Investments	30,000
General Reserve	15,000	Stock	60,000
Provident Fund	20,000	Debtors	40,000
Creditors	45,000	Bank	10,000
Worker's Accident			
Comp.Fund	<u>10,000</u>		
	<u>2,20,000</u>		<u>2,20,000</u>

On 1-4-2017 the firm was converted into M Ltd. Under the following conditions:

- The company will not take furniture and Bank Balance.
- The Company will take over machinery and stock at their market value. Machinery shown in the balance sheet is 15% less than the market price and stock shown in the balance sheet is 20% more than market price.
- Provide bad debts reserve on debtors at 10%.
- Company agreed to pay Rs. 25000 for goodwill.
- Against purchase price the company has to give 11,000 equity shares of Rs. 10 each at 10% premium and other balance in cash.
- Furniture realised Rs. 29000 and dissolution expenses is Rs. 2,000.
- out of shares received from the company, 3500 shares were sold at Rs. 12 per share and remaining shares were shared by them in their profit sharing ratio.

Prepare Necessary Accounts.

Q-4 Attempt all questions (14)

(a) Balance sheet of ABC Bros. s on 31-03-2015 is as under : 7

Liabilities	Rs.	Assets	Rs.
Capital :		Goodwill	1,82,000
Rajat 3,15,000		Trademark	1,96,000
Pruthvi <u>2,45,000</u>	5,60,000	Land and Building	6,16,000
P & L A/c	1,05,000	Plant & Machinery	2,80,000
General Reserve A/C	35,000	Furniture	1,13,400
Outstanding expenses	28,000	Stock	14,000
Bills payable	1,12,000	Debtors	11,200



Creditors	3,50,000	Bills Receivable	2,800
Bank loan	2,10,000	Bank Balance	14,000
Depreciation fund on building	56,000	Advertisement Sus.A/c	26,600
	14,56,000		14,56,000

On 1-04-2015 N Ltd. Purchased the business on the following conditions:

1. All Assets and Liabilities are taken over by the company.
2. Fixed assets were valued at 20% higher than its book value, while current assets are agreed at its book value.

N Ltd. Agreed to pay purchase price in 28,000 equity share of Rs. 10 at 10% Premium and 25,200 pref.share of Rs. 10 each.

Show the Calculation of purchase consideration and prepare the Balance sheet.

- (b) Write the necessary Journal entries on Purchasing company and prepare The opening Balance Sheet with any Numbers. 7

Q-5 Attempt all questions (14)

- (a) Explain the differences between Capital Income and Revenue income. 7

- (b) Classified above Expenses between Capital Income, Capital Expenditure ,Revenue Income, Revenue Expenditure. 7

(1) Donation (2) Subscription (3) Loss on Assets selling (4) Expenses met out of Special fund received (5) Electric fitting (6) Subscription received for Prize distribution (7) Canteen Income.

Q-6 Attempt all questions (14)

- (a) Smit, Ankit and Jeet were the partners of a firm sharing the profit and loss in the ratio of 3:2:1 respectively. On June 30,2017 they decided to dissolve the firm. On that date their financial position was as under: 7

Partners Capita : Smit – 72,000 Ankit – 54,000 Jeet – 30,000

Smit's Loan - 18,000 Creditors – 36,000

It was decided to share the net amount of the assets at the end of each month. The information about receipts and expenditure was as follows:

Month	Stock Rs.	Furniture Rs.	Debtors Rs.	Dissolution expenses Rs.
July	16,000	1800	14,000	3,000
August	6,000	1200	14,400	1200
September	18,000	-	7,800	1800
October	19,000	-	8,000	1800

Prepare the Statement of Cash distribution according to **Surplus Capital**

Method.

- (b) Prepare the Statement of cash distribution for above sum No 6 (a) according to **Maximum Loss Method.** 7

Q-7

From the following information of J Club, prepare Income and Expenditure Account for the year ended 31st March 2015 and the balance sheet as on Date. 14

Balance Sheet as on 31st March 2014

Liabilities	Rs.	Assets	Rs.
Capital Fund	2,04,000	Sport equipments	1,29,600
Prize Fund	60,000	10% Prize fund	
Subscription received		Investment	60,000



in advanced	18,000	Outstanding Subscription	6,000
Salaries Outstanding	3,000	Furniture	36,000
		Prepaid Sunday Expense	2400
		Cash on hand	51,000
	2,85,000		2,85,000

Dr. Receipts and payments Account on 31st March 2014 Cr.

Receipts	Rs.	Payments	Rs.
Opening cash balance	51,000	Salaries	81,000
Subscriptions	1,32,000	Sports equipment purchased	38,400
Interest on prize fund investments	3,000	Distribution of prizes	4,800
Sale of old Furniture (book value Rs. 6,000)	3,900	Purchase of furniture(1-1-14)	24,000
Income from tournament	19,500	Rent	7,200
Entrance fees	9,600	Sundry Expenses	9,000
	2,19,000	Tournament Expenses	16,800
		Closing cash balance	37,800
			2,19000

Other Information:

1. Subscription outstanding Rs. 24,000
2. Subscription received in advance Rs.12,000
3. Salaries paid in advanced Rs. 6,000
4. Sundry expenses outstanding Rs. 1200
5. Value of sports equipment Rs. 1,26,000
7. Furniture is to be depreciated at 10% per annum.
8. Half of the entrance fees is to be capitalized.

Q-8

Attempt all questions

(14)

- (a) Explain Both Purchase Consideration Methods- Consideration Method and Net Assets Method. **7**
- (b) Explain Surplus Method and Maximum Loss Method. **7**

