# C.U.SHAH UNIVERSITY Winter Examination-2018 

Subject Name : Compulsory Accountancy-II<br>Subject Code : 4CO02CAC2 Branch: B.Com (English)<br>Semester : 2 Date :29/10/2018 Time : 02:30 To 05:30

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:
a) Share and Debenture which got from Company as a Purchase Consideration noted as...
(a) Face price
(b) Average price
(c) Market price
(d) None of the above
b) Business assets and liabilities are to be transferred to realization account conversion of business at their...
(a) Market value
(b) Cost price
(c) Replacement value
(d) None of the above
c) When purchase consideration is fixed using Net Assets Method, .... is deducted from the assets.
(a) Goodwill (b) Dues and Liabilities (c) Capital and Reserves (d) None of above
d) Is compulsory for the company to pay for Goodwill in cash while acquiring / purchasing a business?
(a) No
(b) Yes
(c) No and Yes both
(d) None of the above
e) Which of the following amount is treated as owners' funds?
(a)Reserve Fund
(b)Workers' Saving Account
(c)Loan of partner
(d)None
f) If the purchase price is less than the net assets, the difference is considered as..
(a) Goodwill
(b) purchase price
(c) Capital Reserve
(d) None of above
g) Before distributing cash amongst the partners whatever profit or loss and reserves as per the balance sheet..
(a) will not be distributed amongst partner
(b) will be distributed amongst partners as per their profit and loss sharing ratio
(c) will be distributed amongst partner in context to each partners' capital
(d) will be distributed equally amongst partners.
h) In piecemeal distribution of cash the debit balance of profit \& loss Account is
(a) deducted from partners' capital A/c
(b) added in partners' capital A/c
(c) should not be distributed
(d) deducted from cash
i) In order to find out additional capital of any partner as per surplus capital method, consider the capital of a particular partner whose proportional capital compared to other partners' capital
(a) More
(b) Zero
(c) Less
(d) None of above
j) Receipt and payments account is just like:
(a) Cash Account
(b) Profit \& Loss Account
(c) Income and Expenditure Account
(d) Bank Account
k) Big amount spent on advertisement campaign is
(a) Revenue Expenditure
(b) Capital Expenditure
(c) Establishment Expenditure
(d) Deferred Revenue Expenditure
l) The credit balance of income and expenditure account mean-
(a) Excess of Expenditure over income
(b) Increase in cash balance
(c) Excess of income over expenditure
(d) Decrease in capital fund
m) Accounting Standard No- 6 $\qquad$
(a) Contract acc.
(b) Cash flow
(c) Depreciation
(d) Lees acc.
n) Accounting Standard for Fixed Assets...
(a) 8
(b) 9
(c) 10
(d) 7

Attempt any four questions from $\mathbf{Q}-2$ to $\mathbf{Q - 8}$

## Q-2 Attempt all questions

(a) $\quad \mathrm{A}$ and B are partners in firm sharing profit and losses in the ratio of 3:2. Their

Balance sheet was as follows:

| Liabilities | Rs | Assets | Rs |
| :---: | :--- | :--- | :---: |
| Capital : |  | Land-Building | 76,800 |
| A : 72000 |  | Machinery 60,000 |  |
| B : 48,000 | $1,20,000$ | Less:Dep.Fund 12,000 | 48,000 |
| Creditors | 33,600 | Investment | 21,600 |
| Bank Loan | 50,400 | Stock | 40,800 |
| General Reserve | 24,000 | Debtors | 36,000 |
|  |  | Cash | 4,800 |

On 31-03-2016 they decide to sell their business to petlad Co.Ltd, at the following prices, Goodwill:24,000, Debtors:31,200,L\&B: 1,03,200,Stock:45,600

The remaining assets (expect cash and Investment) and liabilities at their Book Values. petlad Co.Ltd issue 1,200 Shares of Rs. 100 eacch as fully paid at a premium of $20 \%$ toward purchase price and the balance in cash. Investment were sold for Rs. 16,800 Dissolution expenses amounted to Rs.2,400.
Prepare: 1 Realization Account 2 Capital Account 3 Cash Account.
(b) Write the journal entries in the "Book of Vender."

## Q-3 Attempt all questions

The balance sheet of X and Y on 31-03-2016 is as follows:

| Liabilities | Rs. | Assets | Rs. |
| :--- | ---: | :--- | :---: |
| Capital Accounts: |  | Goodwill | 8,000 |
| X 60,000 |  | Building | 90,000 |
| Y 40,000 | $1,00,000$ | Machinery | 25,000 |
| General Reserve | 22,000 | Stock | 35,000 |
| X's loan | 12,000 | Debtors | 35,000 |
| Bank loan | 50,000 | Less: Bad Debt |  |
| Creditors | 35,000 | Reserve $\underline{3,000}$ |  |


| Workmen Saving Bank | 6,000 | Bills Receivable | 17,000 |
| :--- | ---: | :--- | :--- |
| A/c | 14,000 | Investment | Cash \& Bank |
| Provident Fund | 6,000 |  | 14,000 |
| Workmen's |  |  |  |
| Compensation Fund | $\underline{\mathbf{2 , 4 5 , 0 0 0}}$ |  | $\mathbf{\mathbf { 2 , 4 5 , 0 0 0 }}$ |

Z Ltd. was incorporated to take over the above business with an authorized capital of 30,000 Equity Shares of Rs. 10 each. The terms of purchase of business are as follows:

1) goodwill of the firms to be valued at Rs.10,500.
2) all the liabilities except $X$ 's loan are to be accepted by the company
3) The company took over all the assets except cash balance Rs. 8,000 .
4) The assets were valued as follows:
(ii) Fixed assets were to be purchased at $20 \%$ more than the book value.
(iii) Stock to be purchased at $20 \%$ less than the book value.
(iii) Debtors to be taken over with a provision of Bad-debts Reserve 10\%
5) firm's dissolution expenses Rs. 1000 which was borne by the company.
6) purchase consideration is to be paid in 10,000 fully paid up Equity shares at $10 \%$ premium, $12 \% 400$ Debentures each of Rs. 100 at $10 \%$ discount and the rest of the amount in cash.
7) the remaining shares are issued to the public at a premium of $10 \%$ which were all taken up and paid for.
8) preliminary expenses of the company amounted to Rs.1,200

Draft journal entries in the books of Z Ltd. and prepare opening Balance sheet of the new company.
(a) Explain Accounting Standard -6 (Depreciation Accounting)
(b) Explain Accounting Standard " FIXED ASSETS "
(a) How can find "GOODWILL" and " CAPITAL RESERVE" for Purchasing Company?
(b) Explain the " SURPLUS CAPITAL" method of piecemeal distribution of cash.

## Q-6 Attempt all questions

(a) Om jai jagdesh were the partners sharing result of the business in the ratio of $5: 4: 1$. They decide to dissolve the firm on $31^{\text {st }}$ march, 2010 :

Balance sheet as at 31-3-2010

| Liabilities | Rs | assets | Rs |
| :---: | :---: | :---: | :---: |
| Capital : |  | Sundry Assets | 1,86,000 |
| Om 40,000 |  | Cash | 20,000 |
| jai 36,000 |  |  |  |
| Jagdesh 10,000 | 86,000 |  |  |
| General Reserve | 20,000 |  |  |
| Loan |  |  |  |
| Om 20,000 |  |  |  |
| Jagdesh 30,000 | 50,000 |  |  |
| Creditors | 30,000 |  |  |
| Bank overdraft | 20,000 |  |  |


|  | $2,06,000$ |  | $2,06,000$ |
| :--- | :--- | :--- | :--- |

The assets realized as under Date
First instalment 30,000 (Dis. Exp. Rs 2,000) 31-4-2010
Second instalment 53,000 (Dis. Exp. Rs. 3,000) 31-5-2010
Third instalment 10,000 (Dis Exp. Nill) 30-6-2010
A bill receivable of Rs 3,000 maturing on $15^{\text {th }}$ june, 2010 was established with the bank.

Prepare a statement showing piecemeal distribution of cash according to surplus capital method.
(b) Using above information Prepare a statement showing piecemeal distribution of Cash according to Maximum loss method.

## Q-7

Attempt all questions
(a) Give the difference between Capital Income and Revenue Income.
(b) Explain Capital Expenses and Revenue Expenses with example.

## Q-8 Attempt all questions

The Royal Club presents the following Trial Balance on 31-3-2010 prepare and
Income and Expenditure Account and Balance sheet as on the same date:

| Debit balance | Rs. | Credit balance | Rs. |
| :--- | ---: | :--- | ---: |
| Office Staff salary | 10,000 | Income for Entertainment |  |
| Postage Telegram expense | 1,200 | Programme | 15,000 |
| Honorarium to Secretary | 12,000 | Interest on investment | 2,240 |
| Sundry expense | 3,200 | Subscription | 80,000 |
| Repairs | 800 | Sale of old news paper | 400 |
| Subscription for newspaper | 2,700 | Entrance fee | 3,600 |
| Free ship given from |  | Donation | 15,600 |
| education fund | 4,000 | Education fund | 30,000 |
| Education fund Investment | 30,000 | Income from education | 2,800 |
| Canteen's expense | 18,500 | fund investment | 26,000 |
| Expense for entertainment |  | Canteen's income | 1,860 |
| Programme | 9,100 | Sundry receipts | $1,35,000$ |
| Purchase of sport |  | Capital Fund |  |
| equipments(1-1-'10) | 11,600 |  |  |
| Purchase of furniture (1- |  |  |  |
| 10-09) | 5,000 |  |  |
| Sport equipments | 55,000 |  |  |
| Investments | 22,400 |  |  |
| Fixed deposit in bank | 20,000 |  |  |
| Building | 90,000 |  |  |
| Furniture | 12,000 |  |  |
| Cash balance | 5,000 |  |  |
|  |  |  |  |

Additional Information: 1. Honorarium to secretary outstanding Rs. 3,000
2. Subscription due Rs. 5,000 and Subscription received in advance Rs. 6,000.
3. Half of the entrance fees is capitalized.
4. Interest due on education fund investments is Rs.200.
5. Provide depreciation at $10 \%$ on Sport Equipments and $6 \%$ on furniture per annum.

