# **C.U.SHAH UNIVERSITY**

# Winter Examination-2018

**Subject Name: Compulsory Accountancy-II** 

Subject Code: 4CO02CAC2 Branch: B.Com (English)

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:  | (14) |  |
|--|---|------|--|
| 8  | Share and Debenture which got from Company as a Purchase Consideration noted as   | 1    |  |
| l  | (a) Face price (b) Average price (c) Market price (d) None of the above Business assets and liabilities are to be transferred to realization account conversion of business at their                            | 1    |  |
| C  | (a) Market value (b) Cost price (c) Replacement value (d) None of the above   | 1    |  |
| Ċ  | (a) Goodwill (b) Dues and Liabilities (c) Capital and Reserves (d) None of above Is compulsory for the company to pay for Goodwill in cash while acquiring / purchasing a business?                             | 1    |  |
| E  | (a) No (b) Yes (c) No and Yes both (d) None of the above Which of the following amount is treated as owners' funds? (a)Reserve Fund (b)Workers' Saving Account (c)Loan of partner (d)None                       | 1    |  |
| f  | •   | 1    |  |
| Ę  |   | 1    |  |
| l  | 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 | 1    |  |
| <ul> <li>i) In order to find out additional capital of any partner as per surplus capital me consider the capital of a particular partner whose proportional capital comparto other partners' capital</li> </ul> |   |      |  |
| j  | (a) More (b) Zero (c) Less (d) None of above  | 1    |  |



(c) Income and Expenditure Account (d) Bank Account Big amount spent on advertisement campaign is k) 1 (a) Revenue Expenditure (b) Capital Expenditure (c) Establishment Expenditure (d) Deferred Revenue Expenditure The credit balance of income and expenditure account mean-1 1) (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 .... 1 (a) Contract acc. (b) Cash flow (c) Depreciation (d) Lees acc. Accounting Standard for Fixed Assets... 1 n) (a) 8 (b) 9(c) 10 (d) 7

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

### Q-2 Attempt all questions

(14) 7

(a) 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 each 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."

7

# Q-3 Attempt all questions

**(14)** 

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

| Liabilities       | Rs.      | Assets         | 3            | Rs.    |
|-------------------|----------|----------------|--------------|--------|
| Capital Accounts: |          | Goodwill       |              | 8,000  |
| X 60,000          |          | Building       |              | 90,000 |
| Y <u>40,000</u>   | 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        | <u>3,000</u> | 32,000 |



| Workmen Saving Bank | 6,000    | Bills Receivable | 17,000   |
|---------------------|----------|------------------|----------|
| A/c                 |          | Investment       | 14,000   |
| Provident Fund      | 14,000   | Cash & Bank      | 24,000   |
| Workmen's           | 6,000    |                  |          |
| Compensation Fund   |          |                  |          |
|                     |          |                  |          |
|                     | 2,45,000 |                  | 2,45,000 |

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.

#### Q-4 Attempt all questions

**(14)** 

- (a) Explain Accounting Standard -6 (Depreciation Accounting)
- (b) Explain Accounting Standard "FIXED ASSETS"

#### Q-5 Attempt all questions

**(14)** 

- (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

(14)

(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<sup>st</sup> 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   | 3,000) 31-5-2010                           |
| Third instalment 10,000 (Dis Exp. Nill)     | 30-6-2010                                  |
| A hill receivable of Rs 3 000 maturing on 1 | 15 <sup>th</sup> june 2010 was established |

A bill receivable of Rs 3,000 maturing on 15<sup>th</sup> 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

**(14)** 

- (a) Give the difference between Capital Income and Revenue Income.
- **(b)** Explain Capital Expenses and Revenue Expenses with example.

#### Q-8 Attempt all questions

(14) 14

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.

