

C.U.SHAH UNIVERSITY

Summer Examination-2019

Subject Name: Compulsory Accountancy-II

Subject Code: 4CO02CAC2

Branch: B.Com (English)

Semester: 2

Date : 25/04/2019

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)**
- a)** The instruction is not given about to distribute the shares or debentures received as purchase consideration among the partners, How it should be distribute? 1
- (a) in closing capital ratio (b) in P&L ratio
(c) as per accounts (d) equal ratio
- b)** When purchased consideration is fixed using Net Assets Method,..... is deducted from the assets. 1
- (a) Goodwill (b) dues and liabilities
(c) capital and reserves (d) None of the above
- c)** Goodwill = purchase consideration – 1
- (a) Capital reserve (b) Total Assets (c) Total liabilities (d) Net Assets
- d)** When realization expenses of the vendor firm is paid by the purchasing company, Account is debited in the books of purchasing company. 1
- (a) Dissolution expenses (b) Goodwill
(c) Capital reserve (d) Vendor firm
- e)** Net Assets –purchase consideration = 1
- (a) Goodwill (b) Capital Reserve (c) Consideration (d) liabilities
- f)** Which of the following amount is treated as Owners' Funds? 1
- (a) Reserve Fund (b) Workers' savings account
(c) Loan of partner (d) None of the above
- g)** Before distributing cash amongst partners whatever profit or loss and reserves as per the balance sheet- 1
- (a) will not be distributed (b) distributed as pre their P&L ratio
(c) distributed as per capital ratio (d) will be distributed equally
- h)** If there is a debit balance of any one partner's capital account the same will be distributed among the remaining partners: 1
- (a) As per capital ratio (b) As per profit and loss ratio.
(c) Nil (will not be distributed) (d)None of the above.
- i)** Is the correct sequence of payment of dues on dissolution of a partnership firm. 1
- (a) Partners loan – Creditors –Capital
(b) Creditors –Partner's loan –Capital
(c) Partner's loan –Capital – Creditors
(d) Capital –Creditors –Partner's loan



- j) Receipt and payment Account is just like: 1
 (a) Cash Account (b) Profit and Loss Account
 (c) Income and Expenditure (d) Bank Account
- k) Big amount spent on advertisement campaign is : 1
 (a) Revenue Expenditure (b) Capital Expenditure
 (c) Establishment Expenditure (d) Deferred Revenue Expenditure
- l) Capitalized incomes will be added to – 1
 (a) Profit (b) Capital fund (c) Investment (d) In assets
- m) Fixed Assets: Accounting Standard No 1
 (a) 5 (b) 10 (c) 8 (d) 6
- n) Accounting Standard No 7 1
 (a) Construction contract (b) Profit (c) Loss (d)EPS

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

Q-2 Attempt all questions (14)
Gopal and Rahim are partners of the partnership firm. their profit sharing Ratio is 3:2 their B/S was as follow: 14

Liabilities	Rs.	Assets	Rs.
Capital:		Land – Building	76,800
Gopal – 72,000		Machinery 60,000	
Rahim – <u>48,000</u>	1,20,000	- Depri. <u>12,000</u>	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
	<u>2,28,000</u>		<u>2,28,000</u>

- On 31-3-2016 they decide to sell their business to “Ansh” Ltd. at the following price: 1) Goodwill – Rs. 24,000 Debtors – Rs. 31,200
 Land & Building – Rs. 1,03,200 Stock – 45,600
 2) The remaining assets **Except Cash and Investment** and liabilities at their Book values.
 3) As purchase consideration they gave 1,200 shares of Rs. 100 each as fully paid at a premium of 20% and other amount in cash.
 4) Investment were sold for Rs. 16,800 and Dissolution expense was Rs. 2,400 - **Prepare Necessary accounts.**

Q-3 Attempt all questions (14)

- (a) Write the points of keeping in mind, when calculating net assets 7
 (b) Prepare new company’s Opening Balance sheet with imaginary figures. 7

Q-4 Attempt all questions (14)

- (a) Explain how can find **Goodwill and Capital reserve** at the time of Purchase of Company. 7
 (b) The following Balance sheet of “Vora Bros.” as on 31-3-2016 7

Liabilities	Rs.	Assets	Rs.
Capital:		Land – Building	1,80,000
Shah	1,50,000	Machinery	1,20,000
Rathod	1,10,000	Stock	1,10,000
Workmen Profit fund	20,000	Debtors	80,000
Workmen		Investment	30,000



Compensation Fund	15,000	Cash	10,000
Bank loan	2,00,000		
Creditors	25,000		
Bills Payable	10,000		
	5,30,000		5,30,000

On 1-4-'16 "Mahan Ltd." was incorporated with an authorized capital of 5000 Share each Rs. 100. The condition as follow:

1) Land & Building – Rs. 2,00,000, Stock – Rs. 1,00,000,

Investment – Rs. 40,000 and Other Assets and Liabilities taken over at book value.

2) Goodwill – Rs. 50,000 3) 10% bed debt reserve on Debtors.

4) The purchase consideration is to be satisfied by issuing 2500 equity share Rs. 80 paid up at the rate of Rs. 120 and other amount in Cash.

5) The company has issued remaining share to the public at Rs. 80 paid up at the rate of Rs. 120.

Calculate and prepare Opening Balance sheet of New Firm.

Q-5 Attempt all questions (14)

(a) **Partner's Capital:** Niralee – Rs. 1,40,000, Dhatri – Rs. 80,000 and Khamma – Rs. 40,000 Bank loan (Secured) – 40,000 Creditors – 1,00,000 Profit and Loss – Rs. 20,000 **7**

The assets were realized as under: 1st Installation = 50,000 2nd Installation = 80,000 3rd Installation = 64,000 4th Installation = 96,000 Reserve for Realization Expense was 14,000 but actual expense is 10,000

Prepare statement showing piecemeal distribution of cash among partners as per Maximum Loss Method.

(b) Use of above information of Q.5 (a) and prepare **statement showing piecemeal distribution of cash among partners as Per Capital Method.** **7**

Q-6 Attempt all questions (14)

(a) Write a Short note on Maximum Loss Method. **7**

(b) Stat the Difference between – Revenue Expense and Capital Expense. **7**

Q-7 Attempt all questions (14)

Kirti club provides you the following information. **You are required to prepare Income and Expenditure Account for the year ended and Balance Sheet as on 31-03 2019** **14**

Balance Sheet as on 1-4-2018

Liabilities	Rs.	Assets	Rs.
Capital Fund	2,12,000	Sports Ground	1,00,000
Subscription		Sports Equipment	60,000
received in advance	10,000	10% Investment	20,000
Unpaid Salary	4,000	Furniture	20,000
		Outstanding Subscription	10,000
		Cash on hand	16,000
	2,26,000		2,26,000

Receipts and Payments Account for the 31-3-2019

Receipts	Rs.	Payments	Rs.
To Balance b/d	16,000	Salaries	60,000
Subscription	1,10,000	Magazine	
Entry Fees	20,000	Subscription	10,000



Income from entertainment programme	40,000	Sports Equipment	60,000
Interest on Investment	2,000	Sundry expenses	20,000
Sale of old Magazine	10,000	Expenses of entertainment	40,000
Sale of Furniture (book value Rs. 2000)	2,000	Balance c/d	10,000
	2,00,000		2,00,000

Additional Information: 1) 50% of Entry fees is to be Capitalized.
 2) Subscription Outstanding on 31-3-2019 is 20,000 and received in Advance is Rs. 10,000
 3) Salary due but not paid is Rs. 10,000
 4) Provide depreciation on furniture at 10% p.a.
 5) Value of sports equipment as on 31-3-2019 is 1,10,000.

Q-8

Attempt all questions

(14)

- (a) Classified above Information between Capital Income, Capital Expenditure, Revenue Income, Revenue Expenditure.
 1) Entry Fee 2) Purchase of Assets 3) Magazine subscription
 4) Life time member subscription 5) Hereditament 6) Rent of Hall
 7) Connection of Electricity.
- (b) Explain Accounting standard – 7 Construction contract

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