

# 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.                    |
|-----------------------|------------------------|------------------------|------------------------|
| <b>Capital:</b>       |                        | 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                  |
|                       | <b><u>2,28,000</u></b> |                        | <b><u>2,28,000</u></b> |

- 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.      |
|---------------------|----------|-----------------|----------|
| <b>Capital:</b>     |          | 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          |      |                 |
|                   | <b>5,30,000</b> |      | <b>5,30,000</b> |

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:** 1<sup>st</sup> Installation = 50,000 2<sup>nd</sup> Installation = 80,000 3<sup>rd</sup> Installation = 64,000 4<sup>th</sup> 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          |
|                     | <b>2,26,000</b> |                          | <b>2,26,000</b> |

**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          |
|   | <b>2,00,000</b> |                           | <b>2,00,000</b> |

**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

**7**

**7**

