$\qquad$

# C. U. SHAH UNIVERSITY Winter Examination-2019 

## Subject Name: Compulsory Accountancy-II <br> Subject Code: 4CO02CAC2 <br> Branch: B.Com (English) <br> Semester : 2 Date : 18/09/2019 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:
a) Share and Debenture which got from Company as a Purchase

Consideration noted as which price?
(a) Face
(b) Average
(c) Market
(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) Net Assets -purchase consideration =
(a) Goodwill
(b) Capital Reserve
(c) Consideration
(d) liabilities
d) The instruction is not given about to distribute the shares or debentures received as purchase consideration among the partners, How it should be distribute?
(a) in closing capital ratio
(b) in P\&L ratio
(c) as per accounts
(d) equal ratio
e) When a purchaser bears the firm's dissolution expenses, then the same is debited to which account?
(a)share capital
(b) vendor's A/C
(c) Dissolution expenses
(d) Goodwill
f) Which of the following amount is treated as Owners' Funds?
(a) Reserve Fund
(b) Profit \& Loss account
(c) Workmen's Competition funds
(d) None of the above
g) 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
h) Amount reserved for Dissolution expenses will be subtracted from the $\qquad$ instalment.
(a)First
(B) Second
(c) Third
(d) Last instalment
i) In piecemeal distribution of cash, the debit balance of profit \& loss
(a) deducted from partners' capital $\mathrm{A} / \mathrm{c}$
(b) added in partners' capital A/c
(c) should not be distributed
(d) deducted from cash
j) Big amount spent on advertisement campaign is :
(a) Revenue Expenditure
(b) Capital Expenditure
(c) Establishment Expenditure
(d) Deferred Revenue Expenditure
k) Income - Expenditure $\mathrm{A} / \mathrm{c}$ is Like...
(a) Receipt payments A/c
(b) Trading A/c
(c) Cash A/c
(d) P \& L A/c

1) Which of the following is Non - Trading Organization...
(a) ABC Ltd.
(b) Manav Seva Trust
(c) Partnership Firm
(d) Varun Book store
m) Accounting Standard for Fixed Assets...
(a) 8
(b) 9
(c) 10
(d) 7
n) In which year Construction Contract Accounting Standard Implied?
(a) 1991
(b) 1993
(c) 1999
(d) 2003

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

## Q-2 Attempt all questions

(a) Explain the method of Maximum Loss Method of piecemeal Distribution of Cash.
(b) Classified above Information between Capital Income, Capital Expenditure, Revenue Income, Revenue Expenditure.

1) Special prize Fund
2) Connection of Electricity
3) Magazine subscription
4) Entry Fee
5) Purchase of Assets
6) Hereditament
7) Donation

Q-3 Attempt all questions
(a) Partner's Capital: Aadi- Rs. 2,80,000, Bunny - Rs. 1,60,000 and

Naina - Rs. 80,000
Bank loan (Secured) - 80,000 Creditors - 2,00,000 Profit and
Loss(Debit) - Rs. 40,000
The assets were realized as under: $\mathbf{1}^{\text {st }}$ Installation $=1,00,000$
$\mathbf{2}^{\text {nd }}$ Installation $=1,60,000 \quad \mathbf{3}^{\text {rd }}$ Installation $=1,28,000$
$4^{\text {th }}$ Installation $=1,92,000$
Reserve for Realization Expense was 28,000 but actual expense is 20,000
Prepare statement showing piecemeal distribution of cash among partners as per Capital Method
(b) Use of above information of Q. 3 (a) and prepare statement showing piecemeal distribution of cash among partners as Per Maximum Loss Method.
Q-4 Attempt all questions
Ram and Lakhan are partners in a firm sharing profit and Losses in the ratio of 3:2. The Balance sheet of their firm as on 31-03-2019 is under:

| Liabilities | Rs. | Assets | Rs. |
| :--- | ---: | :--- | :---: |
| Capital Accounts: |  | Machinery | 63,750 |
| Ram -1,12,500 |  | Furniture | 56,250 |
| Lakhan - 82,500 | $1,95,000$ | Investments | 45,000 |
| General Reserve | 22,500 | Stock | 90,000 |
| Provident Fund | 30,000 | Debtors | 60,000 |
| Creditors | 67,500 | Bank | 15,000 |
| Worker's Accident |  |  |  |
| Compensation Fund | 15,000 |  |  |
|  | $\underline{\mathbf{3 , 3 0 , 0 0 0}}$ |  | $\underline{\mathbf{3 , 0 , 0 0 0}}$ |

On 1-4-2019 the firm was converted into kapil Ltd. Under the following conditions:

1. The company will not take furniture and Bank Balance.
2. 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.
3. Provide bad debts reserve on debtors at $10 \%$.
4. Company agreed to pay Rs. 37,500 for goodwill.
5. Against purchase price the company has to give 16,500 equity shares of Rs. 10 each at $10 \%$ premium and other balance in cash.
6. Furniture realized Rs. 43,500 and dissolution expenses is Rs. 3,000.
7. out of shares received from the company, 5,250 shares were sold at Rs.

12 per share and remaining shares were shared by them in their profit sharing ratio.

## Prepare Necessary Accounts.

Q-5 Attempt all questions
(a) Write the necessary Journal entries of Purchasing company and prepare

The Opening Balance Sheet.
(b) The following Balance sheet of "P.K Bros." as on 31-3-2019

| Liabilities | Rs. | Assets | Rs. |
| :--- | ---: | :--- | ---: |
| Capital: |  | Land - Building | $1,80,000$ |
| Raju | $1,50,000$ | Machinery | $1,20,000$ |
| Farhan | $1,10,000$ | 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 |  | $\underline{\mathbf{5 , 3 0 , 0 0 0}}$ |

On 1-4-'19 "Maya 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.
3) 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.
4) 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-6 Attempt all questions
(a) Give the Difference: Differed Revenue Expenses and Revenue Expenses
(b) Explain the method of Net Assets which calculate at the time of Business

Purchase or Conversation.
Q-7 Attempt all questions
(a) Explain Accounting Standard No - 6 .
(b) Explain Accounting Standard for Fixed Assets. 7

Q-8 Attempt all questions
The Zain Club presents the following Trial Balance on 31-3-2019 prepare and Income and Expenditure Account and Balance sheet as on the same
date:

| Debit balance | Rs. | Credit balance | Rs. |
| :--- | ---: | :--- | ---: |
| Office Staff salary | 30,000 | Income for |  |
| Postage Telegram expense | 3,600 | Entertainment |  |
| Honorarium to Secretary | 36,000 | Programmed | 45,000 |
| Sundry expense | 9,600 | Interest on |  |
| Repairs | 2,400 | investment | 6,720 |
| Subscription for |  | Subscription | $2,40,000$ |
| newspaper | 8,100 | Sale of old news <br> Free ship given from | 1200 |
| education fund | 12,000 | Entrance fee | 10,800 |
| Education fund Investment | 90,000 | Donation | 46,800 |
| Canteen's expense | 55,500 | Education fund | 90,000 |
| Expense for entertainment |  | Income from |  |
| Programmed | 27,300 | education fund |  |
| Purchase of sport | 34,800 | investment | 8,400 |
| equipment (1-1-'19) |  | Sundry receipts | 78,000 |
| equrchase of furniture (1- | 15,000 | Capital Fund | $4,05,000$ |
| 10-18) | $1,65,000$ |  |  |
| Sport equipment | 67,200 |  |  |
| Investments | 60,000 |  |  |
| Fixed deposit in bank | $2,70,000$ |  |  |
| Building | 36,000 |  |  |
| Furniture | 15,000 |  |  |
| Cash balance |  |  |  |

Additional Information: 1. Honorarium to secretary outstanding Rs. 9,000 2. Subscription due Rs. 15,000 and Subscription received in advance Rs. 18,000.
3. Half of the entrance fees is capitalized.
4. Interest due on education fund investments is Rs. 600 .
5. Provide depreciation at $10 \%$ on Sport Equipment and $6 \%$ on furniture per annum.

