

SARDAR PATEL UNIVERSITY
SYBBA (III Semester) (CBCS) Examination
Friday, 30th November, 2012
2.30 pm to 4.30 pm

UM03CBBA04 - CORPORATE ACCOUNTING-II

Note: (1) Figures to the right indicate marks.
 (2) Please show necessary working.

Total Marks: 60

Q.1 From the following information prepare a Balance Sheet in a vertical form as at 31st March, 2010: [15]

Particulars	Rs.	Particulars	Rs.
Bank Loan	1000000	Equity shares each of	
Sundry Creditors	1145000	Rs. 100 fully paid	1300000
Advance to Staff	300000	Provision for Taxation	170000
Cash & Bank Balance	275000	Securities Premium	475000
Loose Tools	50000	Investments	225000
Sundry Debtors	1225000	Loss for the year	300000
Miscellaneous Exp.	58000	Loan from Debtors	200000
Prov. for doubtful Debts.	20000	Stores & Spare parts	400000
Fixed Assets (WDV)	5150000	<u>Inventories:</u>	
General Reserve	2050000	Finished Goods	700000
Capital Work in progress	200000	Raw Material	177000
		Public Deposits	700000

Additional Information:

1. Bank Loan is secured on Fixed Assets.
2. Depreciation on Fixed Assets Rs. 500000
3. The authorised capital is of 30000 Equity shares of Rs.100 each

OR

Q.1 Give detailed schedules with imaginary figures for the following. [15]

1. Share Capital
2. Reserves and Surplus
3. Fixed Assets.

Q.2 'R' Ltd. 'S' Ltd. carrying on similar business decided to amalgamate [15]

and for this purpose a new company RS Ltd. formed to take over assets and Liabilities of both the companies and it is agreed that fully paid Equity Shares of Rs. 10 each shall be issued by RS Ltd. to the value of net assets of each of the old companies. Their Balance sheet as on 31-03-2011 were as under.

Liabilities	'R' Ltd.	'S' Ltd.	Assets	'R' Ltd.	'S' Ltd.
10000 Eq. Shares each of Rs. 5	50000	--	Goodwill	--	2000
8000 Eq. Shares each of Rs. 5	--	40000	Buildings	17000	10000
General Reserve	20000	--	Plant	24000	16000
P & L A/c.	3000	--	Furniture	10000	7500
Creditors	4000	8000	Stock	10000	7500
Bank Overdraft	--	8000	Debtors	12000	7000
Bills Payable	4000	--	Cash	8000	300
	81000	56000	P & L A/c.	--	5700
				81000	56000

The following is the accepted scheme of valuation of the business of the two companies.

R Ltd.

1. To write off 33¹/₃% from Plant.
2. To provide for doubtful debts @ 5% on Debtors.
3. To reduce stock by Rs.400.

S Ltd.

1. To write down Plant @ 10%.
2. To write off Rs.1400 from the value of stock.
3. To write off bad debts to the amount of Rs.1000 and to provide for doubtful debts @ 5% and
4. To eliminate goodwill and profit and loss Account balance.

Make Journal Entries in the books of RS Ltd. and give its opening Balance Sheet.

OR

Q.2

(A) On 1st January X Ltd. had the following capital structure: [07]

	Rs.
3000 Equity shares of Rs.20 each fully paid	60000
2500, 8% Preference shares of Rs.20 each fully paid	50000
1000, 10% Debentures of Rs.10 each	10000

On the above date Y Ltd takes over the business of X Ltd under the following terms and conditions:

1. One equity share of Rs.50 each fully paid, in the new company to be issued for every three equity shares of the transferor company.
2. Three 8% preference shares to Rs.50 each fully paid in the new company to be issued for every five preference shares in the old company.
3. Debentures holders to be paid at a premium of 20% by Y Ltd, by 12% Debentures of Rs.10 each.
4. Payment by cash Rs.33000 to equity shareholders.
5. Liquidation expenses amounted to Rs.5000.

You are required to calculate purchase consideration under traditional method or as per Accounting Standard -14.

(B) Write note on: Meaning and Objectives of Amalgamation. [08]

Q.3 Following are the summarised Balance Sheets of CD Ltd. [15]

Liabilities	2010	2011	Assets	2010	2011
Equity Shares of Rs. 10 each	600000	1000000	Buildings	700000	800000
10% Preference Shares Capital	200000	200000	Machinery	500000	600000
General Reserve	250000	280000	Furniture	80000	160000
P & L A/c.	150000	120000	Stock	200000	240000
12% Debentures	400000	400000	Debtors	300000	300000
Bank Overdraft	120000	120000	Bill Receivable	100000	120000
Other Current Liabilities	140000	200000	Cash & Bank	40000	100000
Provisions	60000	80000			
	1920000	2400000		1920000	2400000

Additional Information:

Abstract from Income Statement

	2010	2011
	Rs.	Rs.
Total sales (cash sales 20%)	2250000	2500000
Gross Profit	825000	1000000
Net profit before Interest & Tax	408000	598000

Stock on 1-1-2010 was Rs.180000. Company is liable to 40% tax. Take 360 days a year.

Calculate the following ratios and make comments.

1. Net Profit Ratio
2. Current Ratio
3. Earning per equity share
4. Stock turnover
5. Debtor's Ratio (collection period)
6. Debt Equity Ratio (Based on external debts)

OR

Q.3

- (A) Calculate Return on Equity Shareholders Funds from the following details: [05]

	Rs.
Net profit after interest but before tax	580000
15% Debentures	800000
Equity share capital	100000
15% Preference share capital	200000
Reserves	200000
Preliminary Expenses	100000
Current Liabilities	200000
Tax rate	50%

- (B) From the following information determine opening and closing stock: [05]

Stock Turnover	:	5 times
Total sales	:	Rs.200000
Gross profit	:	25% of sales

The closing stock value was more by Rs.4000 than the opening stock.

- (C) Nisha Ltd. has a current ratio of 3:1. If its stock is Rs.40000 and total current Liabilities are Rs.75000. Find out quick ratio. [05]

- Q.4 The condensed comparative Balance sheets of KP Ltd. as on 31st December, 2009 and 31st December, 2010 are as under. [15]

Liabilities	31-12-09 (Rs.)	31-12-10 (Rs.)
Equity Share Capital	70000	80000
Securities premium	9000	11000
Profit and loss A/c.	23820	30820
10% Mortgage Loan	--	20000
Sundry Creditors	6900	6000
Unpaid salaries	2000	1400
Provision for taxation	1000	1400
Accumulated Depreciation on :		
Plant and Machinery	37000	26200
Building	43000	45000
	192720	221820

Assets	31-12-09 (Rs.)	31-12-10 (Rs.)
Plant and Machinery	62000	66000
Building	95000	116000
Land	10000	12000
Stock	10220	9620
Debtors	8600	7600
Prepaid Expenses	720	800
Cash	6180	9800
	192720	221820

Additional Information:

1. Plant costing Rs.16000 (accumulated depreciation Rs.14800) was sold during the year for Rs.1200.
2. Building was acquired during the year at a cost of Rs.21000. In addition to cash payment of Rs.1000, a 10% mortgage loan was raised for the balance.
3. Dividend of Rs.8000 was paid during the year.
4. A sum of Rs.13900 was transferred to provision for taxation account in 2010.

You are required to prepare the Statement of Fund Flow along with the statement of change in working capital and necessary ledger accounts.

OR

- Q.4 Prepare cash Flow statement with necessary ledger accounts and workings from the above Balance Sheets of KP Ltd. and additional information. [15]

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