

SEAT No. \_\_\_\_\_

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[16]

Sardar Patel University  
SY BBA ITM Semester III  
Corporate Accounting II (NC) (UM03CBBI08)- 3 Years  
~~1st January 2021, Friday~~  
Time: 10 A.M. TO 12 P.M

Total Marks 60

No. of pages : 04

Attempt any four from the following:

Each question carry equal marks

- Q:1 Draw the format of Balance sheet. and also prepare Note of share capital, Long term borrowing and Reserves & surplus with imaginary figure (15)
- Q:2 From the following information prepare Profit and Loss A/C of the company for the year ended 31<sup>st</sup> march 2019 in vertical form along with notes of Freya Ltd and also prepare Note: 2 of reserve and surplus of balance sheet. (15)

Particulars	Rs.	Particulars	Rs.
Equity share capital of Rs. 10 each	5,00,000	Purchases	2,36,000
Land and building	3,00,000	Sales return	5000
Plant and machinery	2,00,000	Purchase return	16,000
Sales	8,75,000	Travelling expenses	12,000
Interest on investment	7,500	General expenses	2000
Directors fees	15,000	Bad debts	5000
Audit fees	3,000	Salaries	60,000
Furniture and fittings	20,000	Printing and stationery	8000
Sundry debtors	1,00,000	Rent and insurance	6000
Wages	26,000	Share transfer fee	3500
Carriage inward	10,000	Opening stock: Raw material 15,000 Finished goods 5000	20,000
Carriage outward	4,000	Administrative expenses	40,000
Advertisement expenses	8,000	Underwriting commission written off	2,000
10% debentures	1,00,000	Interest on bank overdraft	6,000
Debenture interest	10,000	General reserve	45,000
Provident fund	40,000	Profit and loss A/C (previous year)	90,000
Contribution	10,000		

The following additional information is also available.

- 1) Closing stock is valued on 31-3-2019, Raw material 40,000 and finished goods 35,000
- 2) Depreciation to be provided at 10% on fixed assets. Land and building includes the cost of building Rs. 2,50,000
- 3) A provision for bad & doubtful debts is to be created at 8% on sundry debtors.
- 4) outstanding salaries Rs. 12,000
- 5) The board of directors has decided to make the following appropriation from the profit
  - I. Transfer to General Reserve Rs. 35,000
  - II Proposed dividend on equity shares at 20%
- 6) Provision for taxation is to be made at @ 50% on net profit.

- Q:3 The Balance Sheet of Priti Ltd. and pinky Ltd. As on 31 - 12 - 2010 were as under: (15)

Balance sheet of Priti Ltd.

Liabilities	Rs.	Assets	Rs.
Share Capital : 10,000		Land & Building	3,50,000
Equity shares of Rs. 100 each	10,00,000	Machinery	7,00,000
General reserve	3,00,000	Furniture	50,000
Workmen's compensation fund	50,000	Patent	75,000
Profit & loss A/C	65,000	Stock	1,50,000
Creditors	65,000	Debtors	50,000
Bills payable	10,000	Bills receivable	15,000
		Bank balance	1,00,000
	14,90,000		14,90,000

**Balance sheet of Pinky Ltd.**

Liabilities	Rs.	Assets	Rs.
Share Capital : 2,000		Goodwill	35,000
Equity shares of Rs. 100 each	2,00,000	Land & Building	1,00,000
Profit & loss A/C	26,000	Vehicle	15,000
Creditors	15,500	Patent	5,000
		Stock	32,000
		Debtors	31,000
		Bank balance	23,500
	2,41,500		2,41,500

Directors of both the companies decided that:

Both the companies should be wound up and new company Priyanka Ltd. Formed to acquire the assets and liabilities of both the companies except Bank Balance of both companies.

Authorized Capital of Priyanka Ltd., be fixed at Rs. 12, 00,000 divided into 12,000 Equity shares of Rs. 100 each.

Priti Ltd. to be paid Rs. 14, 00,000 as purchase consideration. 8,860 Equity shares of Rs. 100 value to be treated at Rs. 150 per share and balance purchase consideration in cash.

Pinky Ltd. to be paid Rs. 1, 85,000 as purchase consideration. 1, 140 Equity shares of Rs. 100 value to be treated at Rs. 150 per share and balance purchase consideration in cash.

Priti Ltd and pinky Ltd shall retain cash with bank.

Priyanka Ltd. issued remaining Equity shares of Rs. 150 per share and was fully paid.

The expenses of liquidation of Priti Ltd. Rs. 5,000 and Pinky Ltd. Rs. 3,000 were paid by Priyanka Ltd. Prepare: Initial Balance sheet of new company.

Q:4 Keya and Kayra ltd decided to amalgamate their business. A new company called Kavya ltd was formed to take over the whole business of both companies. The balance sheet are as under: (15)

Liabilities	Keya Ltd.(Rs)	Kayra Ltd. (Rs)	Assets	Keya Ltd.(Rs)	Kayra Ltd. (Rs)
Equity share capital of Rs. 10 each	12,00,000	18,00,000	Factory	6,00,000	20,00,000
General Reserve	-	4,00,000	Stock	1,20,000	1,50,000
Insurance fund	-	1,50,000	Bills receivable	20,000	12,000
Creditors	1,20,000	1,00,000	Bank	66,000	1,00,000
Bank overdraft	80,000	2,62,000	Debtors	4,00,000	3,00,000
Bills payable	1,00,000	-	Advances	-	1,50,000
Outstanding salary	6,000	-	Advertisement suspense A/C	1,50,000	-
			P&L A/C	1,50,000	-
	15,06,000	27,12,000		15,06,000	27,12,000

Purchase consideration was to be satisfied as under:

1. In case of keya ltd by allotment of 1,00,000 equity shares of Rs. 10 each at 10%

- premium  
2. In case of kayra ltd by allotment of 3,00,000 equity shares of Rs. 10 each at 10% premium

Pass necessary journal entries and balance sheet in the books of Kavya ltd.

Q:5 Following are the summarized Balance sheet of Krishna Ltd. As on 31<sup>st</sup> December, 2018 and 2019 (15)

Liabilities	2018	2019	Assets	2018	2019
Share Capital	1,00,000	1,30,000	Land & building	1,00,000	95,000
General reserve	25,000	30,000	Machinery	75,000	84,500
Profit & loss A/C	15,200	15,400	Stock	50,000	37,000
Loan(long term)	35,000	Nil	Debtors	40,000	32,100
Creditors	75,000	67,500	Cash	200	300
Provision for tax	15,000	17,500	Bank	-	4000
			Goodwill	-	7500
	<b>2,65,200</b>	<b>2,60,400</b>		<b>2,65,200</b>	<b>2,60,400</b>

**Additional information:**

- Dividend of Rs. 11,500 was paid
- Assets of another company were purchased for a consideration of Rs. 30,000 payable in shares. The following assets were purchased : stock Rs. 10,000 machinery 12,500
- Machinery was further purchased for Rs. 4000
- Depreciation written off machinery Rs. 6000
- Income tax provided during the year Rs. 16,500
- Loss on sale of machine Rs. 100 was written off to General reserves
- Prepare fund flow statement with all necessary calculations.

Q:6 Following are the summarized Balance sheet of Krishna Ltd. As on 31<sup>st</sup> December, 2018 and 2019 (15)

Liabilities	2018	2019	Assets	2018	2019
Share Capital	4,50,000	4,50,000	Fixed Assets	4,00,000	3,20,000
General reserve	3,00,000	3,10,000	Investment	50,000	60,000
Profit & loss A/C	56,000	68,000	Stock	2,40,000	2,10,000
Creditors	168,000	1,34,000	Debtors	2,10,000	4,55,000
Provision for tax	75,000	10,000	Bank balance	1,49,000	1,97,000
Loan(short term)	-	2,70,000			
	<b>10,49,000</b>	<b>12,42,000</b>		<b>10,49,000</b>	<b>12,42,000</b>

**Additional information:**

- Investment costing Rs. 8,000 was sold during the year 2019 for Rs. 8,500.
- Provision for taxation made during the year 2019 was Rs. 9,000.
- During the year 2019, part of fixed assets costing Rs.10, 000 were sold for 12,000.
- Dividend paid during the year 2013 amounted to Rs. 40,000.
- Prepare fund flow statement with all necessary calculations.

Q:7 (a) Define the term cash flow and discuss its Importance (15)

(b) Explain the difference between Cash Flow Statement and Fund Flow Statement.

Q:8 Following are the summarized Balance sheet of Radhe Ltd. As on 31<sup>st</sup> December, 2018 and 2019

(15)

<b>Liabilities</b>	<b>2018</b>	<b>2019</b>	<b>Assets</b>	<b>2018</b>	<b>2019</b>
Equity share capital	3,00,000	4,00,000	Goodwill	1,15,000	90,000
8% Redeemable pref. share capital	1,50,000	1,00,000	Land & Building	2,00,000	1,70,000
General reserve	40,000	70,000	Machineries	80,000	2,00,000
Profit & Loss A/C	30,000	48,000	Debtors	1,60,000	2,00,000
Proposed Dividend	42,000	50,000	Stock	77,000	1,09,000
Creditors	55,000	83,000	Bills receivable	20,000	30,000
Bills payable	20,000	16,000	Cash on hand	15,000	10,000
Provisions for taxation	40,000	50,000	Bank balance	10,000	8,000
	<b>6,77,000</b>	<b>8,17,000</b>		<b>6,77,000</b>	<b>8,17,000</b>

**Additional Information :**

1. During the year 2018-19 depreciation charged was Rs. 10,000 on machineries and Rs. 20,000 on land & building.
  2. Interim dividend paid during 2018-19 amounted to Rs. 20,000
  3. Taxation Paid during the year 2018-19 was Rs. 35,000
- Prepare cash flow statement as per AS -3

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