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SARDAR PATEL UNIVERSITY
B.B.A. (GEN.) (IIIRD SEMESTER) EXAMINATION
THURSDAY, 7TH JAN., 2021
10:00 A.M. TO 12:00 P.M.
CORPORATE ACCOUNTING – II (UM03DBBA21)

TOTAL MARKS: 60

• **WRITE ANY FOUR FROM FOLLOWING EIGHT**

- 1 (A) Explain the term Amalgamation. With its purpose. 08
 (B) What is Purchase Consideration? Explain various methods of Purchase Consideration? 07
- 2 The following were the balance sheet as on 31/03/2020. 15

LIABILITIES	RAM	SHYAM	ASSETS	RAM	SHYAM
Equity share capital of Rs. 1000	200000	1500000	Goodwill		600000
General Reserve	123000		Free hold building	538000	
P&L A/C	240000	75000	Plant & Machinery	722000	723000
Creditors	527000	314000	Stock	474000	127000
Bills Payable		127000	Debtors	814000	418000
			Cash & Bank	342000	148000
	2890000	2016000		2890000	2016000

Both the company decided to wound up and to acquire the business of these two companies, a new company Ramshyam Ltd. Was formed with share capital of Rs.3500000 divide d in to shares of Rs. 100 each and 500, debentures of Rs. 100 each.

- 1) All assets of Ram Ltd. Except cash and bank balance were sold at following mentioned revalued figures, freehold building and plant and machinery after writing off 20% and stock after increasing 10% value. New company agreed to pay to creditors of Ram Ltd.
- 2) All assets of Shyam Ltd. were purchased by new company with the exception of cash and bank balance. In assets, goodwill was valued at Rs. 300000 and plant machinery at Rs. 400000 whereas remaining assets were taken over at their book valued. Liabilities were taken over at their book valued by the new company.
- 3) The consideration in case of Ram Ltd. Was paid by 10000 shares, 250 debentures and the balance was paid in cash.
- 4) The consideration in case of Shyam Ltd. was paid by 7000 shares, 250 debentures and the balance was paid in cash.
- 5) The remaining shares of the new company were issued to public at a premium of 10% and all these were subscribed for and fully paid.

Prepare in the books of Ramshyam Ltd.

- a. Necessary Journal Entries and
- b. Balance Sheet.

[1]

[P.T.O.]

3 The following are the summarized Balance Sheet of Rakhi Ltd.

Liabilities	31-3-97		31-3-98		Assets	31-3-97		31-3-98			
	Equity share Capital	150000	250000	Fixed Assets		420000	540000	10 % Preference share Capital	100000	100000	Stock
Reserves	70000	120000	Debtors	70000	50000	10 % Debentures	150000	150000	Cash and Bank	10000	7500
Bank O.D	50000	30000	Prepaid Expenses	5000	10000	Creditors	40000	45000			
Bills payable	10000	5000				Bills payable	10000	5000			
	570000	700000					570000	700000			

Additional Information's:

Total sales (cash sales are 4/5 of credit sales)	1996-97	1997-98
Gross profit	900000	1350000
Net profit (before interest and tax, tax rate 50 %)	225000	405000
Stock on 1-4-1996 Rs. 70000	159000	285000

From the above information calculate the following accounting ratios for both the years.

- 1) Net Profit Ratio
- 2) Stock Turnover Ratio
- 3) Debtors Ratio
- 4) Current Ratio
- 5) Gross Profit Ratio

4 What do you mean by Ratio Analysis? Explain its Utility and state its Limitations. 15

5 Explain the meaning of Fund flow statement and also describe how Fund Flow Statement is different from Cash Flow Statement. 15

6 The following are the balance sheet of Patel Ltd. as on 31/3/2019 and 31/3/2020. 15

Liabilities	31/3/2019		31/3/2020		Assets	31/3/2019		31/3/2020			
	Equity shares of Rs. 10 each fully paid up	300000	450000	Building		150000	250000	Share Premium	-	30000	Machinery
General Reserve	30000	35000	Patents	12000	10000	Profit & Loss A/C	60000	70000	Investments	30000	40000
15% Debentures	50000	25000	Debtors	80000	60000	15% Debentures	50000	25000	Stock	20000	35000
Creditors	20000	30000	Stock	20000	35000	Creditors	20000	30000	Cash Balance	25000	40000
Bills Payable	15000	5000	Cash Balance	25000	40000	Bills Payable	15000	5000	Prepaid Expenses	5000	10000
Unpaid Expenses	3000	4000	Prepaid Expenses	5000	10000	Unpaid Expenses	3000	4000	Preliminary Expenses	8000	5000
Provision for Tax	22000	26000	Preliminary Expenses	8000	5000	Provision for Tax	22000	26000			
Proposed Dividend	30000	45000				Proposed Dividend	30000	45000			
	530000	720000					530000	720000			

Additional Information:

- 1) Issued new equity shares to equity share holders as right shares in the ratio of 2:1 at 20% premium.
- 2) A machine costing Rs. 50000 (depreciation written off to the date Rs. 30000) has been sold for Rs. 15000.
- 3) 15% debentures of Rs. 25000 were redeemed by purchasing from the open market at Rs. 104 per debentures.
- 4) Investments worth Rs. 15000 have been sold out at 30% profit.
- 5) Depreciation for the year ending 31/3/2020 was provided as follows: Building 20000 Machinery 25000.
- 6) The propose dividend for last year and tax for current year was paid for Rs.22500.

Prepare fund flow statements with necessary accounts.

- 7 From the following balance-sheets of X co. Ltd. makes out cash flow statement.

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Liabilities	31-03-2017	31-03-2018	Assets	31-03-2017	31-03-2018
Equity Share Capital	300000	400000	Goodwill	115000	90000
Preference Share Capital	150000	100000	Land & building	200000	170000
General reserve	40000	70000	Machineries	80000	200000
Profit & loss A/C	30000	48000	Debtors	160000	200000
Proposed dividend	42000	50000	Stock	77000	109000
Creditors	55000	83000	Bills receivable	20000	30000
Bills payable	20000	16000	Cash on hand	15000	10000
Provision for taxation	40000	50000	Bank balance	10000	8000

Additional information:

1. During the year 2017-2018 depreciation charged was Rs. 10000 on machineries and Rs. 30000 on land & building.
2. Interim dividend paid during 2017-2018 amounted to Rs. 20000
3. Taxation paid during the year 2017-2018 was Rs. 35000

- 8 A. Give a specimen of cash flow statement as per AS-III (Revised)

08

- B. Explain the advantages of cash flow statement.

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