

Seat No. _____
[11/A-7]

SARDAR PATEL UNIVERSITY No. of printed pages: 03
BBA (III Semester) Examination - 2016
UM03CBBA04 - Corporate Accounting - II

Saturday, 3rd December, 2016 2.00 pm - 4.00 pm **Total Marks: 60**

- Notes:** (1) Figures to the right indicate full marks of the questions concerned.
(2) Show your workings clearly wherever needed.

Q.1 Following are the balances extracted from the books of Shiv Ltd. as on 31-3-2016. (15)

Particular	Dabit Balance (Rs.)	Credit Balance (Rs.)
Equity Share Capital	-	400000
Building	307200	-
Plant & Machinery	330000	-
Debtors	87000	-
12% Debentures	-	300000
P & L A/c (1-4-2015)	-	26300
Goodwill	25000	-
Bank balance	10700	-
Cash	30000	-
Bills payable	-	37000
Creditors	-	40000
General Reserve	-	25000
Calls-in-arrears	7500	-
Interim Dividend paid	60000	-
Purchases	185000	-
Sales	-	415000
Provision for Bad Debts	-	3500
Preliminary Expenses	5000	-
Productive Wages	77100	-
General Expenses	6900	-
Salaries	20300	-
Bad Debts	2100	-
Debenture Interest paid	18000	-
Stock (1-4-2015)	75000	-
	1246800	1246800

Additional Information:

- (1) Closing stock was valued at Rs. 95000.
- (2) Depreciate plant and machinery by 10%.
- (3) Write off Rs. 500 from preliminary expenses.
- (4) Maintain provision for Bad debts at 5% on Debtors.
- (5) Transfer Rs. 2380 to General Reserve.
- (6) Provide income tax @ 35%. Current Year's profit before tax is Rs. 73250.
- (7) The authorised capital of the company was Rs. 1000000 divided into 10000 equity shares of Rs. 100 each.

Prepare Balance Sheet of Shiv Ltd. as on 31-3-2016 along with necessary notes.

OR

Q.1

- (a) Prepare Note No. 2 with imaginary figures forming part of Balance Sheet. (05)
- (b) Give specimen of statement of Profit & Loss A/c as per revised schedule VI part - II. (10)

- Q.2 Harsh Ltd. and Neel Ltd. were in competing business. They decided to amalgamate and form a new company Harshil Ltd. The Balance Sheets of both the companies as on 31-12-2015 were as under: (15)

	Harsh Ltd. (Rs.)	Neel Ltd. (Rs.)		Harsh Ltd. (Rs.)	Neel Ltd. (Rs.)
Equity Shares of Rs. 10 each	200000	100000	Goodwill	-	10000
General Reserve	-	10000	P & M	40000	50000
P & L A/c	-	10000	Land & Building	100000	60000
Insurance Reserve	10000	-	Stock	30000	4000
Creditors	6000	4000	Debtors	24000	4000
PF	10000	-	Cash at Bank	22000	1000
Employee profit sharing fund		6000	Cash in hand	10000	1000
	226000	130000		226000	130000

The assets and liabilities of both the companies were taken over by Harshil Ltd. at their book values. Harsh Ltd. and Neel Ltd. were allotted equity shares of Rs. 10 each in lieu of purchase consideration.

- (i) Pass necessary journal entries in the books of Harshil Ltd. and
- (ii) Prepare the Balance Sheet of Harshil Ltd. after amalgamation in the nature of purchase.

OR

- Q.2 Following are the Balance Sheets of X Ltd. and Y Ltd. as on 1-1-2016. (15)

	X Ltd. (Rs.)	Y Ltd. (Rs.)		X Ltd. (Rs.)	Y Ltd. (Rs.)
Equity share capital (Rs. 100 each)	800000	750000	Fixed Assets	1050000	700000
12% pref. share capital (Rs. 100 each)	300000	200000	Current Assets	950000	800000
Revaluation reserve	320000	25000			
Inv. allowance reserve	50000	50000			
P & L A/c	50000	30000			
10% Debenture (100)	60000	30000			
Current liabilities	420000	190000			
	2000000	1500000		2000000	1500000

Two companies decided to amalgamate in the nature of purchase. A new company Z Ltd. is formed to take over the business of the existing companies X Ltd. & Y Ltd. under the following conditions:

- 1) Z Ltd. will issue 5 equity shares for each equity share of X Ltd. and 4 equity shares for each equity share of Y Ltd. at a price of Rs. 30 each, having a face value of Rs. 10 per share.
- 2) Preference shareholders of the two companies are issued equivalent number of 15% preference shares of Z Ltd. at a price of Rs. 150 per share, having a face value of Rs. 100 per share.
- 3) 10% Debenture holders of both the companies are discharged by Z Ltd. issuing such number of its 15% debentures of Rs. 100 each so as to maintain the same amount of interest.
- 4) Investment allowance reserve is to be maintained for 4 more years.
 - (i) Prepare statement showing calculation of Net Assets and Purchase consideration and
 - (ii) Prepare Balance Sheet of Z Ltd. after amalgamation.

Q.3 What are Accounting Ratios ? Discuss its utility and limitations. (15)

OR

Q.3 The information given below is taken from the Financial records of the company (15)
for the year 2014 and 2015.

	2014 (Rs.)	2015 (Rs.)
Total Sales (out of which 20% are cash sales)	320000	320000
Cost of goods sold	224000	208000
Net profit (after 50% income tax)	16000	25600
Equity share capital	100000	80000
Retained earnings	24800	66200
15% Debentures	80000	66000
Sundry Creditors	35000	50000
Bank overdraft	9000	20000
Fixed Assets	160000	155000
Stock	32000	80000
Debtors	40000	36000
Cash	16000	10000
Preliminary expenses	800	1200

From the above information, calculate the following accounting ratios for the both years of company and make brief comment on each of them.

- Current Ratio
- Debtors Ratio (360 days to be taken for the year)
- Operating Ratio
- Rate of return on shareholders funds
- Rate of return on total capital employed

Q.4 The following are the Balance Sheets of Shambhu Ltd. as on 31-12-2014 and 31-12-2015. (15)

	2014 (Rs.)	2015 (Rs.)		2014 (Rs.)	2015 (Rs.)
Equity share capital	200000	240000	Plant & Machine	200000	250000
P & L A/c	125000	160000	Accumulated dep.	(60000)	(80000)
Debenture	150000	90000	Land	100000	80000
Creditors	30000	40000	Stock	140000	120000
			Debtors	75000	100000
			Cash	50000	60000
	505000	530000		505000	530000

Cash dividend of Rs. 25000 have been paid during the year 2015.
Prepare schedule of change in working capital and fund flow statement.

OR

- Q.4
- Prepare Cash Flow Statement from the above question number 4. (10)
 - What is Cash Flow Statement ? How does it differ from Fund Flow Statement ? (05)



