

[14]

SARDAR PATEL UNIVERSITY
B.B.A. (ITM) (SEMESTER: III) EXAMINATION

2016

Thursday, 1st December

02:00 P.M. To 04:00 P.M.

UM03CBB108: CORPORATE ACCOUNTING-II

Total Marks: 60

- Note:** 1. Figure to the right indicate full marks of question.
2. All questions carry equal marks.
3. Working notes are the part of answer.

- Q-1 From the following information prepare profit and loss account of the company for the year ended on 31st March 2016 in the vertical form along with notes of Arya Limited and also prepare Note of Reserves and Surplus of Balance sheet. [15]

Particulars	Amount (Rs.)	Particulars	Amount (Rs.)
Equity Share of Rs. 10 each	2,50,000	Purchases	1,18,000
Land and Building	1,25,000	Sales Return	2,500
Plant and Machinery	1,00,000	Purchase Return	8,000
Sales	4,37,500	Travelling Expenses	6,000
Interest on Investment	3,750	General Expenses	1,000
Directors Fee	7,500	Bad Debts	2,500
Audit Fee	1,500	Salaries	30,000
Furniture	10,000	Printing and Stationary	4,000
Debtors	50,000	Rent and Insurance	3,000
Wages	13,000	Share Transfer Fees	1,750
Underwriting Commission Written off	1,000	Opening Stock:	
		Raw Material Rs. 7,500	
		Finished Goods Rs. 2,500	10,000
Carriage Inward	5,000	Administrative Expenses	20,000
Advertisement Expenses	4,000	Carriage Outward	2,000
10% Debentures	50,000	Interest on BOD	3,000
Debenture Interest	5,000	General Reserve	22,500
Provident Fund	20,000	Profit and Loss A/c (Credit Balance)	45,000
Contribution to P.F.	5,000		

Additional information:

- 1) Closing Stock is valued on 31/03/2016: Raw Material Rs. 20,000 and Finished Goods Rs. 17,500.
- 2) Depreciation to be provided at 10% on fixed assets.
- 3) A provision for Bad and doubtful debts is to be created at 8% on sundry debtors.
- 4) Outstanding Salary Rs.6,000.
- 5) The Board of Directors has decided to make the following appropriation from the profit:
 - I. Transfer to General Reserve Rs. 17,500
 - II. Proposed Dividend on Equity Shares at 20%
- 6) Provision for Taxation is to be made at 50% on net profit.

OR

(P. T. O.)

Q-1 Prepare A balance sheet of a company with necessary notes in accordance with [15]
Companies Act in vertical form as per revised schedule VI.

Q-2 Sardar Ltd. and Patel Ltd. decided to amalgamate on 1st April 2016 and SPU Ltd. [15]
incorporated to take over the business of both companies. The Balance sheets of the
two amalgamating companies as on 31st March 2016 were as follows:

Liabilities	Sardar Ltd. (Rs.)	Patel Ltd. (Rs.)	Assets	Sardar Ltd. (Rs.)	Patel Ltd. (Rs.)
Equity share Capital of Rs. 100 each	10,00,000	7,50,000	Plant & Machinery	2,50,000	2,00,000
P & L A/C	65,000	37,500	Land & Building	5,00,000	3,75,000
Reserve	50,000	-	Furniture	1,25,000	75,000
Creditors	75,000	50,000	Stock	2,00,000	1,25,000
Bills Payable	50,000	12,500	Debtors	62,500	50,000
			Cash & Bank	87,500	25,000
			Preliminary Exp.	15,000	-
	12,40,000	8,50,000		12,40,000	8,50,000

SPU Ltd.'s authorized capital of Rs. 25,00,000 comprising equity share of Rs. 100 each. Following decisions were taken under the schemes of amalgamation:

1. New company will take all the assets and liabilities of both the companies.
2. New company will take over fixed assets of both the companies at 10% higher price than book value.
3. As the purchase consideration Sardar Ltd. and Patel Ltd will be issued 12,500 and 10,000 equity shares of Rs. 100 each respectively. In addition Sardar Ltd. and Patel Ltd. will be paid Rs. 25,000 and Rs. 20,000 in cash.
4. SPU Ltd. will issue remaining shares at par.
5. Liquidation expenses Rs. 2,500 of both the company will be paid by SPU Ltd.

You are require to give journal entries in the books SPU Ltd.

OR

Q-2 (A) The Balance sheet of Om Ltd. and Jay Ltd. are as under: [10]

Liabilities	Om Ltd. (Rs.)	Jay Ltd. (Rs.)	Assets	Om Ltd. (Rs.)	Jay Ltd. (Rs.)
Equity share Capital of Rs. 10 each	4,50,000	2,40,000	Premises	3,15,000	1,80,000
P & L A/C	60,000	60,000	Machinery	75,000	45,000
Reserve	2,40,000	--	Vehicles	30,000	---
5% Debenture	--	1,80,000	Stock	1,80,000	2,34,000
Creditors	2,25,000	96,000	Debtors	2,40,000	63,000
			Cash & Bank	1,35,000	54,000
	9,75,000	5,76,000		9,75,000	5,76,000

Both the company agreed to amalgamate and formed a new company Jagdish Ltd. with

an authorized equity share capital of Rs. 30,00,000 of Rs. 10 each to take over their whole business. The terms are as under:

1. Jagdish Ltd. will issue its own 2 shares each of Rs. 10 to every 4 share held by the shareholders of vendor companies, in addition Rs. 60,000 cash to Om Ltd. and Rs. 60,000 cash to Jay Ltd.

You are required to calculate net assets, goodwill or capital reserve and prepare balance sheet after amalgamation.

(B) Define the term amalgamation with practical illustration and discuss its objectives. [05]

Q-3 Following are the summarized Balance sheets of Quick Limited: [15]

Liabilities	31-03-15 (Rs.)	31-03-16 (Rs.)	Assets	31-03-15 (Rs.)	31-03-16 (Rs.)
Share capital	4,00,000	5,00,000	Fixed Assets	5,00,000	7,00,000
General reserve	1,00,000	1,50,000	Investment	2,00,000	1,80,000
P & L A/C	1,00,000	1,50,000	Stock	1,50,000	1,00,000
10% Debenture	2,00,000	2,00,000	Debtors	1,20,000	2,00,000
Depreciation Provision	1,50,000	2,00,000	Underwriting Commission	10,000	5,000
Provision for Tax	40,000	50,000	Cash Balance	25,000	95,000
Creditors	15,000	30,000			
	10,05,000	12,80,000		10,05,000	12,80,000

Additional information:

- 1) Dividend paid Rs. 40,000 and income tax paid Rs. 50,000.
- 2) There was profit on sale of Investment Rs. 10,000.
- 3) Machinery (cost Rs. 50,000 on which accumulated depreciation Rs. 40,000) was sold for Rs. 20,000.

You are required to prepare fund flow statement, statement showing changes in working capital and necessary accounts.

OR

Q-3 Followings are the summarized Balance sheets of Jignesh limited as on 31st March 2015 and 2016: [15]

Liabilities	31-03-15 (Rs.)	31-03-16 (Rs.)	Assets	31-03-15 (Rs.)	31-03-16 (Rs.)
Equity share capital of Rs. 10 each	3,10,000	3,60,000	Goodwill	10,000	15,000
General Reserves	50,000	55,000	Building	3,00,000	2,90,000
P & L A/C	30,500	35,600	Machinery	1,50,000	1,69,000
Bills Payable	70,000	---	Stock	1,00,000	74,000
Creditors	1,50,000	1,35,200	Debtors	80,000	64,200
Provision for Tax	30,000	35,000	Cash & Bank	500	8,600
	6,40,500	6,20,800		6,40,500	6,20,800

Additional information:

1. Dividend of Rs. 25,000 was paid during the year.
2. Assets of another company were purchased for Rs. 50,000 payable in shares-

(P.T.O.)

Assets purchased were stock Rs. 20,000 , Machinery Rs. 25,000.

3. Machine was further purchased for cash Rs. 6,000.

4. Taxes paid during the year Rs. 28,000.

Prepare statement showing changes in working capital, fund flow statement and necessary accounts.

Q-4

From the following the balance sheet of JAKAS Engineering limited

[15]

Liabilities	31-03-15 (Rs.)	31-03-16 (Rs.)	Assets	31-03-15 (Rs.)	31-03-16 (Rs.)
Equity share capital of Rs. 10 each	3,00,000	4,00,000	Goodwill	1,15,000	90,000
Pref. share capital	1,50,000	1,00,000	Land & Building	2,00,000	1,70,000
Reserves	40,000	70,000	Plant & Machinery	80,000	2,00,000
P & L A/C	30,000	48,000	Cash & Bank	25,000	18,000
Proposed dividend	42,000	50,000	Stock	77,000	1,09,000
Provision for taxation	40,000	50,000	Debtors	1,60,000	2,00,000
Bills Payable	20,000	16,000	Bills Receivables	20,000	30,000
Creditors	55,000	83,000			
	6,77,000	8,17,000		6,77,000	8,17,000

Additional Information:

1. Depreciation of Rs. 20,000 on land and building and Rs. 10,000 on plant has been charged in 2016.
2. Interim dividend of Rs. 20,000 has been paid in 2016.
3. Income tax Rs. 35,000 has been paid for the year 2016.

Prepare cash flow statement for the year 2016 as per AS-3

OR

Q-4 (A) How Fund flow statement is different from cash flow statement. [08]

(B) Give meaning of Cash Flow Statement and explain its importance. [07]

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