

SARDAR PATEL UNIVERSITY
BBA (III - Semester) (NC) (2010 Batch) Examination
Saturday, 24th November 2018
10.00 am - 12.00 pm
UM03CBBA02/07 - Corporate Accounting - II

Total Marks : 60

Note: Figures to the right indicate full marks of the questions.

Q.1 Prepare Balance Sheet with imaginary figures as per Company Act. (15)

OR

Q.1 The MK Ltd. registered with a nominal capital of Rs. 1000000 divided into 10000 equity share of Rs. 100 each. From the following information, prepare the Profit & Loss Account for the year ended on 31st March 2017 in Vertical form with necessary notes. (15)

Particulars	Rs.	Particulars	Rs.
Plant & Machinery	30000	Salaries	2000
Insurance	3000	Printing & Stationary	4000
Sales	410000	Stock (1-4-2016)	
Audit fees	2000	Raw material	30000
Purchases	205000	Finished goods	20000
Purchase return	5000	Rent	6000
Sales Return	10000	Rates & Taxes	3000
Travelling expenses	10000	Trade expenses	4000
General expenses	1000	Interest & bank charges	8000
Furniture & Fittings	12000	Carriage inward	9000
Trade receivables	200000	Bad debts provisions	5000
Bad debts	2000	Advertisement	6000
Manufacturing wages	70000	Legal charges	1000
Share premium	50000	P&L A/c (CE)	300000
Capital reserve	60000	5% debenture	500000
Interest on investment received	10000	Debenture interest	12500
		Debenture redemption fund	300000
		General Reserve	200000

The following additional information are also available.

- (1) Prepaid expense- Insurance Rs. 500.
- (2) Outstanding (unpaid) expense- Rent Rs. 1000, Salaries Rs. 200, Debenture interest for 6 months.
- (3) Depreciation to be provided at @10% on plant and machinery and furniture and fittings.
- (4) A provision for bad & doubtful debts is to be created at 5% on sundry debtors.
- (5) Stock on 31st March 2017 was valued at Raw material 50000, Finished goods Rs. 50000.
- (6) The board of directors has decided to make the following appropriations.
 - (a) Provision for taxation Rs. 30000.
 - (b) Proposed equity dividend Rs. 150000.
 - (c) Transfer to General reserve Rs. 120000.
 - (d) Transfer to debenture redemption fund Rs. 50000.

Q.2 Ram Ltd. and Shyam Ltd. whose businesses are of similar nature, have agreed to amalgamate on 1st April 2017 and form a new company Ram & Shyam Ltd. The Authorised capital of the new company is Rs. 3000000 divided into 10000, 6% preference shares of Rs. 100 each and 20000 equity shares of Rs. 100 each. The balance sheet as on 31st March 2017 stood as under.

(15)

Ram Ltd.

Liabilities	Rs.	Assets	Rs.
Authorised Capital:		Premises	800000
30000 equity shares of Rs. 100 each.	3000000	Machinery	567250
Issued capital:		Stock	104000
18000 equity shares of Rs. 100 each, Rs. 75 per share paid up	1350000	Debtors	41900
Security premium a/c	168750	Cash	46550
Reserves	30000	Advertising	
P&L A/c	17850	Suspense a/c	17500
Creditors	10600		
	1577200		1577200

Shyam Ltd.

Liabilities	Rs.	Assets	Rs.
Authorised Capital:		Goodwill	75000
20000 equity shares of Rs 100 each	2000000	Premises	200000
Issued Capital:		Machinery	541000
10000 equity shares of Rs. 100 each fully paid	1000000	Furniture & Fittings	20500
P&L A/c	600	Stock	254000
5% Debentures	100000	Debtors	60250
Interest accrued on debentures	5000	Cash	7250
Creditors	52400		
	1158000		1158000

The conditions of amalgamation are as under;

- (1) The new company is to takeover the assets as well as the liabilities in respect of both the companies at book values.
- (2) To issue two equity shares at 10% premium and one 6% preference shares of the new company as fully paid in exchange of every three shares of Ram Ltd.
- (3) To issue two equity shares at 10% premium and 6% preference shares of the new company as fully paid in exchange of every five shares of Shyam Ltd.
- (4) The new company is also to issue 7.5% debentures of Rs. 100 each at Rs. 105 so such an amount so as to pay off the claims (including interest accrued) of the debentureholders of Shyam Ltd.
- (5) The expenses of amalgamation Rs. 40000 are paid by the new company.

Pass necessary journal entries in the books of the new company and also prepare its balance sheet.

OR

Q.2

- (A) Explain: Objectives of Amalgamation. (07)
 (B) The following were the Balance Sheets of Jay Ltd. and Vijay Ltd. as on 31st March 2017. (08)

Liabilities	Jay Ltd. Rs.	Vijay Ltd. Rs.	Assets	Jay Ltd. Rs.	Vijay Ltd. Rs.
Paid up Capital:			Goodwill	100000	-
Equity shares of Rs. 100 each fully paid up	1000000	500000	Land & Building	300000	100000
6% pref. shares of Rs. 100 each fully paid up	500000	-	Plant & Machi.	600000	300000
General Reserve	-	120000	Investments	100000	20000
Bank Loan	150000	-	Stocks	250000	150000
10% Debentures	200000	-	Debtors	300000	200000
Worker's Accident Comp. Fund	-	80000	Cash & Bank	170000	30000
Creditors	150000	100000			
	2000000	800000		2000000	800000

On the above date, both the companies decided to amalgamate and form a new company Jay-Vijay Ltd. with an authorised capital of Rs. 2500000, divided into 20000 equity shares and 5000, 10% pref. shares of Rs. 100 each. Assets and Liabilities of both the companies are to be taken over except investments of Jay Ltd. and Cash balance of Rs. 10000 of Vijay Ltd.

The market value of fixed assets of both the companies to be taken at 20% more than the book value.

Payment terms are as follows :

- (1) The equity shares of both the companies will be given 6 fully paid equity shares of Jay Vijay Ltd. for every 5 equity shares held by them at a premium of 10%.
- (2) The preference shareholders of Jay Ltd. will be given 4 fully paid preference shares of Jay Vijay Ltd. for every 5 preference shares held by them and Rs. 50000 cash.
- (3) The debenture holders of Jay Ltd. will be given 12% debentures of Rs.100 each of Jay Vijay Ltd. at a discount of 10% to discharge their Liability at 8% premium.
- (4) Rs.14000 cash to Jay Ltd.

Jay Vijay Ltd. issued the remaining equity shares to the public at a premium of Rs.20 per share, Which were Fully paid up. preliminary expenses amounted to Rs.10000

Calculate Purchase Consideration of both the Companies.

- Q.3 What is Ratio Analysis? What are the limitations and Utility of Ratio Analysis? Discuss. (15)

OR

- Q.3 From the following statements of SK Company Ltd. for the year ending 31st March 2016, you are required to Calculate following ratios. (15)

- (1) Current Ratio.
- (2) Liquid Ratio
- (3) Operating Ratio
- (4) Stock Turnover Ratio
- (5) Debtors Ratio
- (6) Gross profit Ratio
- (7) Net Profit Ratio

Balance sheet as on 31-03-2016

Liabilities	Rs.	Assets	Rs.
Share Capital: Issued and paid up: 50000 Equity shares of Rs. 1 each	50000	Land & Building	50000
General Reserve	40000	Plant & Machinery	20000
Profit & Loss A/C.	15000	Stock	15000
Sundry Creditors	20000	Debtors	25000
		Cash	15000
	125000		125000

Profit and Loss Account for the year ending 31st March 2016

Particulars	Amt Rs.	Particulars	Amt Rs.
To Opening Stock	25000	By Sales	180000
Purchases	105000	Closing stock	15000
Gross Profit	65000		
	195000		195000
To Advertisement expenses	23000	By Gross Profit	65000
To Selling expenses	10000	Profit on sale of Fixed assets	5000
To Finance expenses	2000		
Net Profit	35000		
	70000		70000

Q.4 From the following Balance sheets of X Co.,Ltd., prepare Cash flow statement. (15)

Liabilities	31-3-16	31-3-17	Assets	31-3-16	31-3-17
Equity share Capital	300000	400000	Goodwill	115000	90000
8% Redeemable 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
	677000	817000		677000	817000

Additional Information:

- (1) During the year 2016-17 depreciation charged was Rs.10000 on machineries and Rs.30000 on Land & Building.
- (2) Interim dividend paid during 2016-17 amounted to Rs.20000.
- (3) Taxation paid during the year 2016-17 was Rs.35000.

OR

Q.4

- (A) Prepare Statement showing changes in working Capital from the above Question No.4. (08)
- (B) Describe: Difference between Fundflow Statement and Cash Flow Statement. (07)