

30/A-12

SEAT No.

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Sardar Patel University
BBA : Semester -III
Date: 26/11/2018, Monday
Session: Evening

Time: 2.00 to 4.00 P.M
Subject/Course Title: Corporate Accounting--II
Subject/Course Code: UM03CBBA04

Total Marks: 60

Note : (1) Figure to the right indicate full marks of the question .
(2) Show your calculation clearly.

Q-1 Prepare the format of Balance Sheet as per Revised Schedule VI in vertical form [15]
with imaginary figures and necessary notes. OR

Q-1 From the following information prepare Profit & loss A/c of the company for the [15]
year ended on 31st March, 2018 in the vertical form along with notes of Maruti
Ltd. and also prepare Note-2 of Reserve and surplus of Balance sheet.

Particulars	Amount	Particulars	Amount
Equity share capital of Rs. 10 each	500000	Purchases	236000
Land and building	300000	Sales returns	5000
Plant and machinery	200000	Purchase returns	16000
Sales	875000	Travelling expenses	12000
Interest on investment	7500	General expenses	2000
Director's fees	15000	Bad debts	5000
Audit fees	3000	Salaries	60000
Furniture and fittings	20000	Printing & stationary	8000
Sundry debtors	100000	Rent & insurance	6000
Wages	26000	Share transfer fees	3500
Carriage inward	10000	Opening Stock:	
Carriage outward	4000	Raw Material 15000	
Advertisement expenses	8000	Finished Goods 5000	20000
10% Debenture	100000	Administrative expenses	40000
Debenture interest	10000	Underwriting commission	
Provident fund	40000	written off	2000
Contribution to PF	10000	Interest on bank overdraft	6000
		General reserve	45000
		Profit and loss A/c	90000
		(Previous year profit)	

Additional Information:

- 1) Closing stock is valued on 31-3-2018, Raw material Rs.40000 & finished goods Rs.35000.
- 2) Depreciation to be provided at 10% on fixed assets. Land and building includes the cost of building Rs. 250000.

1

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- 3) A provision for bad and doubtful debts is to be created at 8% on sundry debtors.
- 4) Outstanding salaries Rs. 12000.
- 5) The board of directors has decided to make the following appropriation from the profit:
 - (i) Transfer to general reserve Rs.35000.
 - (ii) Proposed dividend on equity share at 20%.
- 6) Provision for taxation is to be made at 50% on net profit.

Q-2 Hari Ltd. and Shiv Ltd. whose businesses are of similar nature, have agreed to amalgamate on 1st April 2018 and form a new company Harshiv Ltd. The authorized capital of the new company is Rs.15,00,000 divided into 5000 6% Preference shares of Rs.100 each and 10,000 Equity shares of Rs.100 each. Their Balance Sheet as on 31st March,2018 were as under: [15]

Hari Ltd. and Shiv Ltd. Balance Sheet as on 31st March,2018

Liabilities	Hari Ltd.	ShivLtd.	Assets	Hari Ltd.	Shiv Ltd.
9000 Eq. share of Rs.100each, Rs.75 per share paid up	675000	--	Goodwill	--	37500
5000 Eq.share of Rs.100 each,fully paid	--	500000	Premises	400000	100000
Share premium	84375	--	Machinery	283625	270500
General Reserve	15000	--	Furniture	--	10250
P & L A/c	8925	300	Stock	52000	127000
5% Debentures	--	50000	Debtors	20950	30125
Interest on Debentures	--	2500	Cash Balance	23275	3625
Creditors	5300	26200	Advertising suspense a/c	8750	--
	788600	579000		788600	579000

The conditions of amalgamation are as under:

- 1.) The new company takes over the assets and liabilities in respect of creditors of both the companies at book value.
- 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 Hari Ltd.
- 3.) To issue two equity shares at 10% premium and two 6% preference shares of the new company as fully paid in exchange of every five shares of Shiv Ltd.
- 4.) The new company also issue 7.5% debentures of Rs.100 each at Rs.105 of such an amount so as to pay off the claim(including interest accrued) of the debenture holders of Shiv Ltd.
- 5.) The expenses of amalgamation Rs.20,000 are paid by the new company. Prepare its initial Balance Sheet. Show your working clearly.

OR

2

Q-2 Balance Sheet of Amar Ltd. and Deep Ltd. as on 31st March, 2018 were as under: [15]

Liabilities	Amar Ltd.	Deep Ltd.	Assets	Amar Ltd.	Deep Ltd.
Eq. share of Rs.25 each fully paid	200000	350000	Plant & machinery	200000	275000
Security premium	20000	--	Land & building	150000	125000
P & L A/c	80000	--	Investments	50000	25000
12% Debentures	100000	150000	Stock	40000	25000
Creditors	138000	32000	Debtors	60000	75000
Bank overdraft	--	50000	Bank balance	37500	--
Outstanding interest	12000	18000	Cash on hand	12500	10000
			P & L A/c	--	65000
	550000	600000		550000	600000

Amardeep Ltd. is incorporated to amalgamate the two companies with 62,500 Equity shares of Rs.10 each. Assets and Liabilities of both companies are to be taken over at their book value except investment of Amar ltd. and bank overdraft of Deep ltd. The total purchase price of both companies is fixed at Rs.5,00,000. The purchase consideration of Amar ltd. and Deep ltd. is fixed in such a way that, Rs. 50,000 is to be paid to Amar ltd. as goodwill and capital reserve created Rs.1,35,000 in case of Deep ltd.. Rs. 20,000 and Rs. 4,000 will be paid in cash to both respectively and the balance purchase price by issuing equity shares of new company of Rs. 10 each at 12% premium. Company formation expenses incurred Rs.7,500 to both company. The liquidation expenses of both companies Rs. 6,500 and 6,000 respectively borne and paid by Amardeep ltd..25% of remaining equity shares are issued to public at 12% premium. All these shares are subscribed and are fully paid. Use capital reserve to write off goodwill.
Pass necessary Journal entries in the books of Amardeep Ltd..

Q-3 A.) Discuss utility and limitations of Ratio Analysis in brief. [10]
B.) If stock turnover is 5 times, opening stock is Rs. 5000 less than the closing stock and average stock is Rs. 20,000. Find out purchases. [05]

OR

Q-3 The following is the Balance Sheet of Harshiv Ltd. as on 31st March, 2017 and 31st March, 2018: [15]

Liabilities	31/3/17	31/3/18	Assets	31/3/17	31/3/18
Eq. shares of Rs.100each fully paid	250000	300000	Land & Building	250000	300000
10% Pref. share of Rs. 100 each, fully paid up	150000	150000	Furniture	75000	100000
12% Debentures	50000	50000	Machinery	175000	200000
General reserve	35000	60000	Debtors	60000	100000
P&L A/C	65000	40000	Bills	25000	25000
Bank overdraft	50000	65000	Receivable		
Creditors	60000	75000	Stock	95000	15000
			Cash & Bank balance	20000	50000

(3)

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Bills payable	40000	50000			
	700000	790000		700000	790000

Additional Information:

Particulars	31/3/2017 Rs.	31/3/2018 Rs.
Total Purchases(cash purchases are 2/5 of credit purchases)	315000	490000
Net Profit(After interest & Tax, tax rate is 50%)	50000	75000
Credit sales(75% of total sales)	150000	180000

From the above information, calculate the following accounting ratio:

- 1) Current Ratio
- 2) Liquid Ratio
- 3) Rate of return on capital employed
- 4) Creditors ratio (360 days to be taken for the year)
- 5) Rate of return on equity shareholders' funds
- 6) Net profit Ratio

Q-4 From the following Balance Sheet of Vinayak Co. Ltd. prepare Fund flow statement with necessary related accounts: [15]

Liabilities	2016 Rs.	2017 Rs.	Assets	2016 Rs.	2017 Rs.
Equity Share capital	150000	200000	Goodwill	50000	45000
General reserve	400000	50000	Plant & machinery	149000	214625
P&L a/c	15000	25000	Investments	50000	30000
15% Debenture	75000	50000	Stock	25000	40000
Provision for taxation	25000	20000	Debtors	80000	55000
Creditors	45000	35000	Cash balance	5000	10000
Proposed dividend	15000	20000	Prepaid expenses	2000	2875
			Debenture discount	4000	2500
	365000	400000		365000	400000

Other Information:

- 1) Rs.5000 profit has been earned by sale of investment.
- 2) 15% Debenture have been redeemed at 5% premium.
- 3) Rs. 22500 tax has been paid during the year.
- 4) A machine costing Rs. 25000 (depreciated value Rs.10000) have been sold for Rs. 17500.
- 5) A machine costing Rs. 5000 (written down value Rs. 1500) has been discarded.
- 6) 15% depreciation has been charged in accounts of plant and machinery.

OR

Q-4 From the above Question-4, prepare cash flow statement with necessary related accounts. [15]

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④