

SARDAR PATEL UNIVERSITY

B.B.A. (ITM) (SEMESTER: III) EXAMINATION (4 Years)

2018

Thursday, 22nd November

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

UM03CBBI02: 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

The AKSHAR Limited as registered with a nominal capital of Rs.10,00,000 divided in 10,000 equity share of Rs.100 each. From the following information, prepare the profit & loss account for the year ended as on 31st December 2017 in vertical form along with necessary Notes and prepare Note-2 of Reserve & Surplus of Balance sheet. [15]

Particulars	Amount Rs	Particulars	Amount Rs
Plant and Machinery	30,000	Salaries	2,000
Insurance	3,000	Printing & stationery	4,000
Interest on investment received	10,000	Stock 1-1-2017	
		Raw material 30,000	
		Finished goods 20,000	50,000
Audit fees	2,000	Rent	6,000
purchases	2,05,000	Rates & taxes	3,000
Purchase return	5,000	Trade expenses	4,000
Sales return	10,000	Interest & bank charges	8,000
Travelling expenses	10,000	Carriage inward	9,000
General expenses	1,000	Bad debts provision	5,000
Furniture & fittings	12,000	Advertisement	6,000
Trade receivable	2,00,000	Legal charges	1,000
Bad debts	2,000	Profit & loss A/c (Cr.)	3,00,000
Manufacturing wages	70,000	5% debenture	5,00,000
Share premium	50,000	Debenture interest	12,500
Capital reserve	60,000	Debenture redemption fund	3,00,000
Sales	4,10,000	General reserve	2,00,000

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 & Machinery & Furniture & fittings.
- 4) A provision for bad & Doubtful Debts is to be created at @ 5% on sundry Debtors.
- 5) Stock on 31st December 2017 was valued at Raw material 50,000 Finished goods 50,000
- 6) The Board of Directors has decided to make the following appropriations:
 - i. Provision for Taxation : Rs.30,000
 - ii. Proposed Equity dividend : Rs. 1,50,000
 - iii. Transfer to General Reserve : Rs. 1,20,000
 - iv. Transfer to Debenture Redemption Fund Rs.50,000

(1)

OR

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 The following are the balance sheet of K Ltd. and P Ltd. as on 31-3-18 are as under [15]

Liabilities	K Ltd	P Ltd	Assets	K Ltd	P Ltd
Equity shares of Rs.100 Each fully paid	8,00,000	5,00,000	Building	4,00,000	5,00,000
General Reserve	36,000	2,04,000	Machinery	50,000	1,40,000
Creditors	1,94,000	5,76,000	Stock	3,00,000	2,50,000
			Debtors	2,40,000	3,20,000
			Cash at Bank	40,000	70,000
	10,30,000	12,80,000		10,30,000	12,80,000

A new company called KNP limited was formed to take over the assets and liabilities of both companies.

Other Information

1. It was agreed that KNP limited will take over fixed assets of both the companies at 25% above the value and debtors of both the companies subject to a provision for bad debts at 5%.
2. In case of K limited, it was further agreed that the stock shall be taken over at 90% of value.
3. In case of P limited, it was further agreed that the stock shall be taken over at 110% of value.
4. KNP limited issued 8000 equity shares of Rs. 100 each fully paid up to K limited and 7000 equity shares of Rs. 100 each fully paid up to P limited.

You are required to give journal entries in the book of KNP Ltd. as on 1-4-18 after the amalgamation.

OR

Q-2 Ram Ltd. and Sita Ltd. whose businesses are of similar nature, have agreed to [15]
amalgamated on 1st January, 2018 and form a new company **Sitaram Ltd.** The authorized capital is Rs. 20,00,000 comprising equity shares of Rs 10 each.

Their balance sheet as on 31st December, 2017 stood as under:

Liabilities	Ram Ltd(Rs.)	Sita Ltd(Rs.)	Assets	Ram Ltd(Rs.)	Sita Ltd(Rs.)
Share capital of Rs. 10 each	2,00,000	3,00,000	Land & building	1,00,000	1,50,000
Reserves	1,80,000	3,00,000	Plant & Machinery	4,00,000	5,40,000
9% Debenture	2,00,000	3,00,000	Stock	1,10,000	1,95,000
Creditors	80,000	1,80,000	Debtors	60,000	1,20,000
BOD	40,000	30,000	Cash	30,000	1,05,000
	7,00,000	11,10,000		7,00,000	11,10,000

Additional Information:

1. Fixed assets of both the companies are taken at 10% higher price than book

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value of both the companies.

2. Shareholders of Ram ltd. was allotted 2 shares for every 1 shares held by them.
3. Shareholders of Sita ltd. was allotted 3 shares for every 1 shares held by them.
4. Liquidation expenses of Ram Ltd and Sita Ltd. Ra. 20,000 and Rs. 75,000 paid by Sitaram Ltd.
5. Sitaram Ltd. issued 25,000 equity shares to public at 10% premium.

Prepare initial Balance sheet in the book of Sitaram Limited.

Q-3

The following are the summarized balance sheets of Rajnikant Limited as on 31-03-2017 and 31-03-2018 are as under: [15]

Liabilities	31-03-17 (Rs.)	31-03-18 (Rs.)	Assets	31-03-17 (Rs.)	31-03-18 (Rs.)
Equity share capital of Rs. 10 each	4,00,000	6,00,000	Land & Building	3,50,000	4,00,000
General Reserves	1,00,000	1,20,000	Plant & Machinery	2,50,000	3,00,000
P & L A/C	1,00,000	80,000	Furniture	40,000	80,000
20% debenture	2,00,000	2,00,000	Stock	1,00,000	1,20,000
Creditors	70,000	1,00,000	Debtors	1,50,000	1,90,000
Bills Payable	30,000	40,000	Bills Rece.	50,000	60,000
BOD	60,000	60,000	Cash Balance	20,000	50,000
	9,60,000	12,00,000		9,60,000	12,00,000

Additional Information:

Particulars	31-03-17 (Rs.)	31-03-18 (Rs.)
Total Sales (out of which 20% are cash sales)	11,25,000	12,50,000
Gross Profit	4,25,000	5,00,000
Net Profit (Before Interest and 50% Tax)	2,00,000	3,00,000
Stock as on 1-04-2016 was Rs. 1,50,000		

From the above information, calculate following ratios for both years:

1. Net Profit Ratio
2. Stock Turnover Ratio
3. Debtors Ratio(360 days to be taken for the year)
4. Current Ratio
5. Return on capital employed
6. Return on shareholders' fund

OR

Q-3

Explain the advantages and limitation of ratio analysis.

[15]

Q-4

The comparative balance sheet of Amar Limited as on 31-03-2017 and 31-03-2018 are as under:

[15]

Liabilities	31-03-17 (Rs.)	31-03-18 (Rs.)	Assets	31-03-17 (Rs.)	31-03-18 (Rs.)
Equity share capital of Rs. 10 each	2,00,000	2,50,000	Plant & Machinery	2,50,000	1,90,000
General Reserves	50,000	60,000	Land & Building	1,00,000	1,24,000
P & L A/C	30,500	30,600	Debtors	1,00,000	1,24,000

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Bank Loan	70,000	---	Stock	80,000	64,200
Creditors	1,50,000	1,35,200	Bank Balance	500	600
Bills Payable	30,000	35,000	Cash Balance	-	8,000
	5,30,500	5,10,800		5,30,500	5,10,800

Additional Information:

1. Dividend Paid during the year Rs. 56,000.
2. Land and building purchased during the year amounted Rs. 38,000
3. A machine was sold during the year for Rs. 50,000.

From the above prepare:

1. Statement showing changes in working capital
2. Statement of Sources and Application of fund
3. Necessary Accounts

OR

Q-4

Explain the difference between a cash flow statement and a fund flow statement and explain the utility of cash flow statement. [15]

