

SARDAR PATEL UNIVERSITY
FY B Com (II Semester) Examination
2016
Tuesday, 3rd May
10.30 am - 1.30 pm
UB02ECOM01/17 - Corporate Accounting II

Total Marks : 60

Q.1 On 31-3-2015 Balance Sheet of Kavin Ltd. is as follows.

(15)

Balance Sheet

Liabilities	Rs.	Assets	Rs.
Equity shares of Rs. 100 each	100000	Land	50000
250, 10% Redeemable Pref. share of Rs. 100 each 80 paid up	20000	Building	41250
250, 12% Redeemable Pref. share of Rs. 100 each fully paid up	25000	Plant & Machinery	25000
Share premium	2500	Investment	17500
General Reserve	18750	Stock	17500
Profit & Loss A/c	8750	Debtors	30000
Creditors	20000	Cash	13750
	195000		195000

On this date, the company decided to redeem both the classes of preference share at 10% premium after complying with the provision laid down under sec. 80 of the Companies Act, 1956.

For this purpose necessary number of equity share of Rs. 100 each is issued at par. cash balance of Rs. 7500 is to be maintained in the business. All the Investment are sold away at Rs. 15000. All the preference shareholders are paid in full.

The Company then decided to utilize the resultant reserve created out of the redemption of preference share for issuing fully paid bonus share to equity shareholders.

Pass necessary Journal entries in the books of the Kavin Company Ltd. and prepare Balance Sheet after redemption of preference share.

OR

Q.1 Define types of shares and types of preference share and write difference between equity share and preference share.

(15)

Q.2 Swami Co. Ltd. issued 10%, 1000 Debenture of Rs. 100 each @ 3% discount as on 1-1-2010. It undertakes to repay the debenture at par as below:

(15)

On 31-12-2011	-	400 Debentures
On 31-12-2012	-	300 Debentures
On 31-12-2013	-	200 Debentures
On 31-12-2014	-	100 Debentures

From above information pass necessary Journal entries in the books of Co.

OR

Q.2 What is Debenture ? Write a notes on types of Debentures and difference between Debenture and Share. (15)

Q.3 The Trial Balance of PARAM Co. Ltd. as on 31-3-2015 is as follows. (15)

Trial Balance

Debit balance	Rs.	Credit balance	Rs.
Investment	17500	Equity Share Capital	200000
Calls-in-arrears	500	Sales	150000
Land & Building	22500	Creditors	8500
Machinery	150000	General Reserve	12500
Furniture	7500	Income from	
Octroi	1900	Investment	3000
Wages	15700	Bank Loan	22500
Salary	22600	Dividend	1500
Insurance	1400		
Purchases	80000		
Bills receivable	10600		
Sundry expenses	3450		
Opening stock	32500		
Bank balance	19400		
Cash balance	450		
Director fees	500		
Advances to staff	11500		
	398000		398000

Additional information:

- 1) Closing stock valued at Rs. 43000.
- 2) Depreciation on Machinery at 10%.
- 3) Unpaid salary Rs. 2000.
- 4) Rs. 2500 Transfer to General reserve.
- 5) Provision made for Income tax Rs. 10000.
- 6) The authorised capital of the company is Rs. 300000 divided into equity shares of Rs. 10 each.

Prepare Final Account of the company with necessary Schedule.

OR

Q.3 Prepare a Balance Sheet of a company in accordance with Companies Act 1956 in vertical form with necessary Schedule with imaginary figures. (15)

Q.4 The following is the Balance Sheet of Heta Co. Ltd. as on 31-3-2015.

(15)

Balance Sheet

Liabilities	Rs.	Assets	Rs.
Equity shares of Rs. 10 each fully paid up	350000	Goodwill	112500
12% Preference shares of Rs. 10 each fully paid up	150000	Building	200000
General Reserve	75000	Machinery	400000
P&L A/c	125000	Investment:	
Compensation Fund	25000	(a) 10% Govt. securities (face value Rs. 75000)	67000
Profit sharing fund	15000	(b) share of subsidiary co.	75000
14% Debenture	175000	Debtors 90000	
Creditors	75000	- bad debts res. <u>4500</u>	85500
Bills payable	35000	Stock	62500
		Bills receivable	12000
		Cash and bank	7500
		Debenture discount	3000
	1025000		1025000

Additional Information:

- (1) The market price of Building is Rs. 250000 and Machinery is 20% less than the book value.
- (2) The value of stock is to be reduced to Rs. 50000.
- (3) The expected rate of return on capital employed in this type of business is considered to be 12%.
- (4) The annual average profit of last three years after deducting income tax at 50% is Rs. 96250.

You are required to calculate the goodwill at three years purchase of super profit of the company.

OR

- Q.4 Explain the meaning of Goodwill and discuss the various affecting the value of Goodwill.

(15)

