

Seat No.: —
[314 A-18]

SARDAR PATEL UNIVERSITY
S Y BBA EXAMINATION, SEMESTER-III

No. of printed pages : 06

DATE: 22-11-2017

TIME 2.00PM TO 4.00PM

SUNJECT CODE: UM03CBBA04

SUBJECT: CORPORATE ACCOUNTING

TOTAL MARKS: 60

- Q.1 The following balances were recorded in the books of N Company limited on 31st (15)
March 2017.

Debit Balances	Rs	Credit Balances	Rs.
Calls in arrears (Equity Shares)	10,000	7.5% Preference share capital	1,00,000
Opening stock	33,300	Equity Share Capital	2,00,000
Purchases	1,06,500	Forfeited Shares Account	4,500
Land & Building	1,70,000	Security Premium	16,500
Plant & Machinery	1,15,000	Capital Reserve	55,000
Preliminary Expenses	6,000	General Reserve	90,000
Furniture	32,000	Provident Fund	13,000
Investments	1,65,700	5% Debentures (Mortgage)	50,000
Loose Tools	12,000	Sales	2,60,000
Debtors	66,000	Creditors	33,000
Productive Wages	35,200	P & L Account	5,500
D.R.F Investment	20,000	Bank Loan	25,400
Salaries	57,000	Public Deposit	14,600
Rent Rates Taxes	20,000	Income from Investment	9,500
Directors Fees	3,500	D.R. Fund	20,000
Postage & Telegrams	6,500	Reserve for Bad debts	3,000
PF Contribution	2,500		
Cash & Bank Balance	10,800		
Income Tax	28,000		
	9,00,000		9,00,000

You are required to prepare Statement of Profit & Loss And Balance sheet (Vertical) according to Revised Schedule VI as on 31st march 2017, after taking in to consideration the following information:

1. The stock on 31-03-2017 was Rs 95,400.
2. Provide 5% reserve for doubtful debts on debtors.
3. Prepaid rent amounted to Rs 2,000.

(P.T.O.)

4. Calculate depreciation- plant & Machinery 2%, Furniture 5%, and Land & Building at 4%.
5. Outstanding expenses: productive wages Rs. 2,500, salaries Rs. 3,000 and Rates & Taxes Rs. 1,500.
6. Transfer Rs. 25,000 to general reserve.
7. The directors of the company recommended 7.5% dividend on pref. Share capital and 10% on Equity share capital.
8. The authorised capital of the company amount to Rs. 5,00,000.

OR

- Q.1** Give the detailed proforma of vertical balance sheet (Revised Scheduled VI) of joint stock company with imaginary figures. (15)
- Q.2** The following are the balance sheets of two companies Amit Ltd. & Bhikhu Ltd. On 31st march 2017. (15)

Amit Ltd.

Liabilities	Rs.	Assets	Rs.
Equity Shares of Rs. 1 each fully paid	1,50,000	Goodwill	10,000
Forfeited shares A/C	150	Building at Cost	45,000
Reserve Fund	10,000	Machinery at Cost less Depreciation	35,000
P & L A/C	16,865	Sundry Debtors	25,850
14% Debentures	35,000	Stock	68,276
Sundry Creditors	5,785	Cash at Bank	33,674
	2,17,800		2,17,800

Bhikhu Ltd.

Liabilities	Rs.	Assets	Rs.
Equity Shares of Rs. 1 each fully paid	39,000	Goodwill	10,000
15% debentures	7,000	Building at cost	13,000
Bank Overdraft	6,00	Machinery at cost less depreciation	11,000
Sundry creditors	25,700	Sundry debtors	9,500
		Stock	15,200
		P & L A/C	13,600
	72,300		72,300

The two companies amalgamated as on 31st march 2017 and new company Amibhikhu was formed with an Authorised capital of Rs. 2, 50,000 in shares of Rs. 1 each.

Following were the terms:

Amit Ltd:

1. The consideration was 6 shares of Rs. 1 each fully paid in the new company in exchange for every five shares in Amit Ltd, and Rs. 1000 in cash.
2. The debenture holders were to be allotted such debentures in the new company bearing interest at 12.25% per annum as would bring them the same amount of interest.
3. The new company to take over all assets and liabilities at their book values.

Bhikhu Ltd:

1. The consideration was 1 share of Rs. 1 each fully paid in the new company in exchange for every 3 shares in Bhikhu Ltd and Rs. 500 in cash.
2. The debenture holders were to be allotted such debenture in the new company bearing interest at 10.5% per annum as would bring them same amount of interest.
3. The new company to tack over all assets and liabilities at book value.

You are required to draw up the balance sheet of Amibhikhu Ltd. Show your working clearly.

OR

Q.2 Following are the balance sheets of two companies as on 31st march 2017. (15)

Ram Ltd.

Liabilities	Rs.	Assets	Rs.
Capital, 20,000 shares of Rs. 100 each	20,00,000	Building	5,38,000
Reserves	1,23,000	Plant & Machinery	7,22,000
P & L A/C	2,40,000	Stock	4,74,000
Creditors	5,27,000	Debtors	814,000
		Cash & Bank Balance	3,42,000
	28,90,000		28,90,000

Kapoor Ltd.

Liabilities	Rs.	Assets	Rs.
Capital, 15,000 shares of Rs. 100 each	15,00,000	Goodwill	6,00,000
P & L A/C	75,000	Plant & Machinery	7,23,000
Creditors	3,14,000	Stock	1,27,000
Bills Payable	1,27,000	Debtors	4,18,000
		Cash & Bank Balance	1,48,000
	20,16,000		20,16,000

(P.T.O.)

Both the companies have decided to wind up and to acquire the business of these two companies, a new company called RK Co. Ltd. was formed with share capital of Rs. 35,00,000 divided into shares of Rs. 100 each and 500, 5% debentures of Rs.100 each.

All assets of Ram Ltd. except cash & Bank Balance were shown at the following figures, Freehold Building & Plant & Machinery after writing of 20% and stock after increasing 10% value. New company agreed to pay to creditors of Raj Co. Ltd.

All Assets of Kapoor Co. Ltd. Were purchased by new company with the exception of cash and bank balance. In assets, Goodwill was valued at Rs. 3,00,000 and Plant & Machinery at Rs. 4,00,000 Where as remaining assets were taken over at their book values. Liabilities were taken over at book value by new company. The purchase consideration of Ram Ltd. Was paid by 10,000 shares 250 debentures and cash of Rs. 7,91,400 while in case of kapoor Ltd. 7000 shares 250 Debentures and cash of Rs. 79,000. The remaining shares of the new company were issue to the public at premium of 10% and all these shares were subscribed for and were fully paid.

You are required to record Journal entries in the books of RK Co. Ltd. Show your working Clearly.

Q.3 What do you mean by Accounting Ratio? Explain its utility and state its limitations. (15)

OR

Q.3 The following are condensed comparative financial statement of ABC Ltd., for the three years ended 31st December 2016. (45)

Particulars	2016
Current Assets:	
Bank	17,000
Debtors	20,000
Stock	30,000
Prepaid Expenses	3,000
Total Current Assets	70,000
Plant & Equipment	76,000
Total Assets	1,46,000
Current Liabilities:	
Creditors	48,500
Provision for Income Tax	1,500
Total Current Liabilities	50,000
Long Term Funds:	
Equity Share Capital (Rs. 100 Shares)	80,000
Profit & Loss Account	16,000
Total Liabilities	1,46,000

Comparative Operative Statement
For the year ended 31st December 2016

Particulars	Rs
Sales	2,10,000
Cost of Sales	1,57,500
Gross Profit	52,500
General and Selling Expenses	42,500
Net Profit	10,000

Additional Information:

1. The company closing Inventory on 31st December 2015 was Rs. 20,000
2. Credit terms are net 60 days from the date of invoice.

Calculate the following ratios and give your brief comments.

- (I) Current Ratio
- (II) Acid Test Ratio
- (III) Inventory turnover ratio
- (IV) Debtors collection period
- (V) Gross profit margin percentage
- (VI) Earning per share and
- (VII) Fixed Assets to shareholders equity.

Q.4 From the following balance sheets of X Ltd. As on 31st December 2015 and 2016, you (15)
are required to prepare:

- (A) A schedule of changes in working capital.
- (B) A fund flow statement.

Liabilities	2015	2016	Assets	2015	2016
Share Capital	1,00,000	1,00,000	Goodwill	12,000	12,000
General Reserve	14,000	18,000	Building	40,000	36,000
Profit & Loss A/C	16,000	13,000	Plant	37,000	36,000
Sundry Creditors	8,000	5,400	Investments	10,000	11,000
Bills Payable	1,200	800	Stock	30,000	23,400
Provision for taxation	16,000	18,000	Bills		
Provision for Doubtful Debts	400	600	Receivables	2,000	3,200
			Debtors	18,000	19,000
			Cash at Bank	6,600	15,200
	1,55,600	1,55,800		1,55,600	1,55,800

(P. T. O.)

The following information has also been given:

1. Depreciation charged on plant was Rs.4,000 and Building Rs.4,000.
2. Provision for taxation of Rs. 19,000 was made for 2016
3. Interim dividend Rs.8,000 was paid during 2016.

OR

Q.4

(A) Balance sheet of A and B 1-1-2016 and 31-12-2016 were as follows:

Liabilities	2016	2016	Assets	2016	2016
Creditors	40,000	44,000	Cash	10,000	7,000
Mrs A's Loan	25,000	----	Debtors	30,000	50,000
Loan from Bank	40,000	50,000	Stock	35,000	25,000
Capital	1,25,000	1,53,000	Machinery	80,000	55,000
			Land	40,000	50,000
			Building	35,000	60,000
	2,30,000	2,47,000		2,30,000	2,47,000

(10)

During the year a machine costing Rs. 10,000 (accumulated depreciation Rs. 3,000) was for Rs. 5,000. The provision for depreciation against machinery as on 1-1-2016 was Rs. 25,000 and on 31-12-2016 Rs. 40,000. Net profit for the year 2016 amounted to Rs. 45,000. You are required to prepare Cash Flow Statement.

(B) State the difference between fund flow statement and cash flow statement.

(05)

****X****