

**GUJARAT TECHNOLOGICAL UNIVERSITY****MBA(INTEGRATED) - SEMESTER-II EXAMINATION – SUMMER 2020****Subject Code:2527104****Date:07/11/2020****Subject Name: Corporate Accounting****Time:10:30am to 01:30pm****Total Marks: 70****Instructions:**

1. Attempt all questions.
2. Make suitable assumptions wherever necessary.
3. Figures to the right indicate full marks.

**Q.1 (a) The following information is in respect of Rajkot Gymkhana :****07****Income Expenditure Account for the year ended on 31-12-2003**

<b>Expenditure</b>	<b>Amt. Rs.</b>	<b>Income</b>	<b>Amt. Rs.</b>
Secretary's salary	1500	Entrance fee	10500
Stationery Printing	2200	Subscription	15600
Advertising	1600	Rent-Receiveable	4000
Audit fee	100		
Depreciation on Sport Equipments	9000		
Fire insurance	1000		
Excess of income over expenditure (Surplus)	14700		
	30100		30100

**Receipt-Payment Account for the year ended on 31-12-2003**

<b>Receipts</b>	<b>Amt Rs.</b>	<b>Payments</b>	<b>Amt. Rs.</b>
Opening balance	4200	Secretary's salary	1000
Entrance fee :		Printing Stationery	2600
2002	1000	Advertisement	1600
2003	10000	Fire insurance	1200
Subscription :		Purchase of investments	20000
2002	600	Closing balance	7800
2003	15000		
2004	400		
Rent received	3000		
	34200		34200

On 01-01-2003 assets included club ground and pavilion Rs. 44,000, sports equipment Rs. 25000 and Furniture and fixtures Rs. 4000. Prepare balance sheet as on 1<sup>st</sup> January,2003 and 31<sup>st</sup> December 2003.

**(b) Following is the trial balance of Shivam Ltd. as on 31-03-2017****07**

<b>Particulars</b>	<b>Debit (Rs.)</b>	<b>Credit (Rs)</b>
Inventories	1,10,000	-
Fixed Asset – Tangible	8,00,000	-
5000 equity shares of Rs. 100 each	-	5,00,000
Sales	-	7,50,000
Other income	-	20,000

Salary	1,30,000	-
12% Debentures	-	3,50,000
Finance costs	17,500	-
Trade payables	-	1,00,000
Trade receivable	40,000	-
Cash and bank balance	60,000	-
Depreciation	22,500	-
Cost of good sold	4,00,000	-
Non-current investments	1,40,000	-
	17,20,000	17,20,000

**Additional information :**

1) Provision for tax Rs. 80,000

Prepare final accounts of Shivam Ltd. as per companies act 2013 of Schedule – 3

- Q.2 (a)** (1) Classify following income and expenditure in to Capital expenses, Revenue expenses, Deferred revenue expenses, Capital Income and Revenue Income **04**

(1) Interest on Investment	(2) Purchase of investments
(3) Research Expenses.	(4) Rent for hall
(5) Books for Library	(6) Large scale advertisement expenses
(7) President felicitation fund	(8) Scrap sales

- (2) How will you show following balances in balance sheet of a company as per schedule III of Companies Act, 2013? **03**

(1) Cash credit from bank	(2) Provision for tax
(3) Workers accident compensation fund	(4) Custom deposit
(5) Preference share capital	(6) Prepaid tax

- (b)** What is meant by fund flow statement? Explain its importance. **07**

**OR**

- (b)** Explain the meaning of cash flow and fund flow and clarify the difference between two. **07**

- Q.3 (a)** Dave ltd. Desires to purchase the running business of Vyas ltd. . The G/W is be give 3-times of last 4 years weighted avg. Profit . The weight for each year is to be give in natural sequence & profit of last 4 years were as following. **07**

Year	2000	2001	2002	2003
Profit	12,400	15,600	16,500	22,690

You are also required to consider following particulars.

1) Erection Expense was of rs.3000 for machinery purchased on 1-9-2002 for the purpose of valuation if Goodwill. This erection expense amount is to be taken as capital expense. Also make an adjustment of 10% depreciation as per written down value method on this amount.

2) Closing stock of the year 2001 is overvalued by rs.12,000.

3) Management exp. of rs.24,000 is not recorded in above profit of every year .Compute Goodwill.

- (b)** What does meant by share valuation? State the factors affecting valuation of shares. **07**

**OR**

- Q.3 (a)** The Balance sheet of Nilkanth Ltd. As on 31-3-2008 was as follows **07**

Liabilities	Amt. Rs.	Assets	Amt. Rs.
<b>Share Capital :</b>		Fixed Assets	3,00,000
1000, 6% cumulative pref. share, each of RS. 100	1,00,000	Current Assets	2,50,000
2000 eq. shares each of RS. 100 fully paid-up	2,00,000	Discount on Debenture	20,000
6% Debenture	90,000	Preliminary expenses	10,000
		P & L A/C	70,000

Debenture redemption fund	40,000	
Capital Reserve	30,000	
Depreciation fund	60,000	
Creditors	1,30,000	
	6,50,000	6,50,000

Provision of Interest on Debentures has been left out in accounts of current year. Cumulative preference share dividend is in arrears for two years. A bill of stationary expenses of Rs. 600 is outstanding. The preference share holders are preferential as to return capital & arrears of dividend in the case of winding up of a company, but they have no further right to share in any surplus assets left thereafter.

Give the following answers:

- (1) Ascertain the Intrinsic value of both sorts of shares.
- (2) A share holder named Mr. Sanjay holds 100 Eq. shares. Determine intrinsic value of his share.
- (3) Another share holder named Mr. Jayesh holds 10 cumulative pref. shares. Determine intrinsic value of his share.

(b) What do you mean by Good will? State various methods of valuing goodwill. **07**

**Q.4 (a)** Bhadresh diamond ltd. Of Surat issued 300000 equity shares of RS 10 per share. Amount called up on application at RS 3 per share, on allotment RS 2.5 per share, on first call at RS 2.5 per share and on final call at RS 2 per share. Applications were received from public of 456000 shares. Allotment of 300000 shares was made pro-rata to 450000 applicants. Applications for 6000 shares were rejected. Full amount were received from all shareholders except from a shareholder named Daxa. Daxa who was allotted 600 shares, did not pay final call money. Her shares were forfeited. Total shares of Daxa were reissued as fully paid up at RS 9 per share. Pass journal entries in the book of company for the above transaction. (Narration not required) **07**

(b) 1) On 1-4-2017 Prathna Limited issued 6000, 11% debentures of Rs. 100 each at a discount of 5%. All the debentures are to be redeemed after 6 years as on 31-3-2023 at a premium of 10%. Pass necessary journal entries in the books of the company. **07**

2) On 1-6-2017 Vandana limited issued 10,000, 8% debentures of Rs. 200 each at a premium of 5%. The debentures are redeemed on 31-5-2022 at Rs. 220 per debenture. Write the necessary journal entries in the books of company. (Narration not required)

**OR**

**Q.4 (a)** What do you mean by share capital? State the types of share capital. **07**

(b) The balance sheet of Suneel Brothers Ltd. disclosed below balances on 31 December 2006. **07**

Particulars	Amt Rs.
15 % Debentures	15,00,000
Debenture redemption fund	11,63,600
Debenture redemption fund investments : 10% Government securities	11,63,600

The contribution to the Debenture redemption fund was Rs. 1,30,800 per annum for the year 2007 and 2008. Debenture fell due for payment on 31 December,2008. Prepare the above accounts in the books of the company assuming securities are realized on 31 December, 2007 for a sum of Rs. 13,52,000 and interest on securities on 31 December, was immediately invested.

**Q.5 (a)** "P&L statement concentrates on the results from the activities of business unit, where as Fund Flow Statement concentrates on the activities of the business unit" Examine this statement. **07**

- (b) Which AS is applicable on cash flow statement? Explain types of activities in cash flow statement. **07**

**OR**

- Q.5** (a) What is Fund flow statement? Explain the uses of it. **07**  
(b) Bharat Tubes gives you the following balance sheets, prepare cash flow statement : **07**

**Balance Sheets**

<b>Liabilities</b>	<b>2014 Rs.</b>	<b>2015 Rs.</b>	<b>Assets</b>	<b>2014 Rs.</b>	<b>2015 Rs.</b>
Creditors	1,00,000	90,000	Buildings	6,00,000	5,40,000
Bills Payable	1,50,000	1,30,000	Plant	2,00,000	1,50,000
Owner's Capital	7,00,000	5,80,000	Stock	10,000	12,000
			Debtors	70,000	45,000
			Bills Receivable	60,000	45,000
			Cash	10,000	8,000
	9,50,000	9,50,000		9,50,000	9,50,000

**Additional information :**

- (1) There was neither any dividend payment nor any capital addition.
- (2) There was neither any sale nor any purchase of building and plant.

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