GUJARAT TECHNOLOGICAL UNIVERSITY
MBA INTEGRATED-SEMESTER- II-EXAMINATION- SUMMER-2024

Subject Code: 2527104 **Date: 14/06/2024**
Subject Name: Corporate Accounting
Time: 10:30 AM TO 01:30 PM **Total Marks: 70**

Instructions:

1. Attempt all questions.
2. Make suitable assumptions wherever necessary.
3. Figures to the right indicate full marks.
4. Use of simple calculators and non-programmable scientific calculators are permitted.

Q.1 **(a)** Explain the differences between Receipts and Payments Account and Income andExpenditure Account **07**

(b) What is Cash Flow Statement? Explain its usefulness. Also Distinguish Cash Flow Statement and Fund Flow Statement. **07**

Q.2 **(a)** What is meant by fund flow statement? Explain its importance **07**

(b) The following figures relate to the trading activities of a Company for the year ended 31 March 2023. **07**

Sales	1000000	Rent	6000
Purchases	700000	Stationery	2000
Opening stock	110000	Depreciation	10000
Closing stock	140000	Other expenses	20000
Sales returns	40000	Provision for tax	70000
Salaries	48000	Dividend received	12000
Advertising	7000	Profit on sale of assets	60000
Travelling exp	5000	Loss on sale of investment	3000

You are required to prepare the Corporate Profit & Loss Account (Income Statement)

OR

(b) What is forfeiture of shares? What are the legal requirements necessarily followed by the Board before forfeiture of shares? **07**

Q.3 **(a)** Define Debenture and explain the various kinds of the debenture. **07**

(b) From the following information, calculate the value of shares of Rs. 10: **07**
(a) On dividend basis; and
(b) On return on capital employed basis.

Year	Capital Employed (Rs.)	Profit (Rs.)	Profit (Rs.)	Weight
2019	10,00,000	80,000	12%	1
2020	16,00,000	1,60,000	14%	2
2021	22,00,000	2,20,000	16%	3
2022	25,00,000	3,75,000	18%	4

The market expecting being 10%. Use weighted average for calculation.

Q.3 **(a)** What does meant by share valuation? State the factors affecting valuation of shares. **07**

(b) What Explain and illustrate the super-profit method of valuation of Goodwill. **07**

Q.4 **(a)** What do you mean by Goodwill? Explain the characteristics of Goodwill. **07**

(b) 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**

OR

Q.4 **(a)** Write short note on: Issue of Equity Shares at-Par, at-Premium, at-Discount. **07**

(b) Sagar diamond ltd. Of Mumbai 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 400000 shares.Applications for 100000 shares were rejected. Full amount were received from all shareholders except from a shareholder named Sima. Sima who was allotted 600 shares, did not pay final call money. Her shares were forfeited. Total shares of Sima 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**

Q.5 **(a)** The net assets in a firm amounted to Rs. 200000. Out of this, Rs. 20000 is represented by investment in 5 % Government Securities, purchased at face value. The expected future profit is Rs. 30000. The normal rate of return is 10% on closing capital employed. **07**
Calculate the value of goodwill by:-
1. Three year's purchases of expected profits;
2. Five year's purchases of super profit

(b) "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**

OR

Q.5 **(a)** Which AS is applicable on cash flow statement? Explain types of activities in cash flow statement **07**

(b) Write short note on: Intrinsic value of shares **07**

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