

GUJARAT TECHNOLOGICAL UNIVERSITY**MBA(INTEGRATED) - SEMESTER-II EXAMINATION – WINTER 2020****Subject Code:2527104****Date:08/02/2021****Subject Name:Corporate Accounting****Time:02:00 PM to 4:00 PM****Total Marks:47****Instructions:**

1. Attempt any **THREE** questions from Q1 to Q6.
2. **Q7** is compulsory.
3. Make suitable assumptions wherever necessary.
4. Figures to the right indicate full marks.

- Q.1 (a)** From the information given below and the balance sheet of Cipla Limited on 31st December, 2018, find the value of shares by Intrinsic value method. **07**

Liabilities	Amount	Assets	Amount
1000, 8% Preference Shares of Rs 100 each fully paid	1,00,000	Building	70,000
4000 equity shares of Rs 100 each fully paid	4,00,000	Furniture	3,000
Reserves	1,50,000	Stock (Market Value)	4,50,000
Profit and loss account	5,10,000	Investments (face value 4,00,000)	3,35,000
Creditors	48,000	Debtors	2,80,000
		Bank	60,000
		Preliminary Expenses	10,000
	12,08,000		12,08,000

Building is now worth of Rs 3,50,000 and the Preferential share holders are having preference as to capital and dividend.

- (b)** Prepare statement indicating equity and liabilities of balances sheet as per Schedule III of Companies Act, 2013 from the following balances. **07**

Trade payables	30,000	Share Capital	2,00,000
Long term provisions	60,000	Short term provisions	35,000
Reserves and surplus	80,000	Long term provisions	1,20,000
Other current liabilities	25,000	Other long term liabilities	76,000
Short term borrowings	24,000		

- Q.2 (a)** From the following receipts and payments account of a club and from the information supplied, prepare an Income and expenditure account for the year ended 31-12-2018 and the Balance sheet as on that date **07**

Receipt and payment A/c
For the year ending 31-12-2018

Dr			Cr
Receipts	Rs	Payments	Rs
To Balance b/d	250	By salaries	1,200
To subscription		By general Expenses	300
2017	250		
2018	1000		
2019	200		
To sale of old furniture (Cost price Rs 100)	60	By electric charges	200
To Rent Received for the use of Hall	740	By books	100
To Profit from Entertainment	400	By newspapers	400
To sale of Newspaper	100	By postage	50
		By furniture	250
		By balance c/d	500
Total	3000		3000

Information

- 1) The club has 50 members, each paying annual subscription of Rs 25. Rs 50 are still in arrears for the year 2017.
 - 2) On 31-12-2018 salaries outstanding amounted to Rs 100, salaries paid included Rs 100 for the year 2017
 - 3) The opening capital fund as on 1-1-2018 is Rs 11,550.
- Prepare Income and Expenditure and Balance sheet as on 31-12-2018

- (b)** Differentiate Receipts and Payments account with Income and Expenditure account.. **07**

- Q.3 (a)** TV Components Ltd., issued 10,000, 12% debentures of Rs 100 each at a discount of 5% payable as follows: **07**

On application Rs 40

On allotment Rs 55

Show the journal entries including those for cash, assuming that all the installments were duly collected. Also show the relevant portion of the balance sheet.

- (b)** Differentiate between Shares and Debentures **07**

- Q.4 (a)** Konica Limited registered with an authorised equity capital of Rs. 2,00,000 divided into 2,000 shares of Rs. 100 each, issued for subscription of 1,000 shares payable at Rs. 25 per share on application, Rs. 30 per share on allotment, Rs. 20 per share on first call and the balance as and when required. **07**

Application money on 1,000 shares was duly received and allotment was made to them. The allotment amount was received in full, but when the first call was made, one shareholder failed to pay the amount on 100 shares held by him and another shareholder with 50 shares, paid the entire amount on his shares. The company did not make any other call.

Give the necessary journal entries in the books of the company to record these share capital transactions.

- (b)** Explain in detail the factors affecting the Value of shares **07**

- Q.5 (a)** Prepare a Cash flow statement on the basis of the information given in the balance sheet of P.S.S ltd. **07**

Liabilities	2012	2013	Assets	2012	2013
Share capital	2,00,000	2,50,000	Goodwill	10,000	2,000
12 % debentures	1,00,000	80,000	Land and building	2,00,000	2,80,000
Bills payable	20,000	1,00,000	Machinery	1,00,000	1,30,000
General Reserve	50,000	70,000	Debtors	40,000	60,000
Creditors	40,000	60,000	Stock	70,000	90,000
Outstanding expenses	25,000	20,000	Cash	15,000	18,000
	4,35,000	5,80,000		4,35,000	5,80,000

- (b)** Enlist the items that come under operating and investing activities of Cash Flow statement. **07**

- Q.6 (a)** The summarized balance sheet of K Ltd as on 31-3-2012 and 31-3-2013 are as follows **07**

Liabilities	2012	2013	Assets	2012	2013
Share capital	12,00,000	15,00,000	Buildings	8,00,000	7,60,000
14 % debentures	6,00,000	4,00,000	Machinery	5,00,000	7,20,000
P & L A/c	1,00,000	1,50,000	Short term Investments	3,00,000	4,50,000
General Reserve	3,00,000	3,50,000	Inventories	4,00,000	4,70,000
Creditors	4,90,000	5,60,000	Debtors	6,70,000	5,30,000
Proposed Dividends	1,20,000	1,80,000	Cash at bank	2,20,000	3,30,000
Provision for taxation	1,00,000	1,30,000	Prepaid Expenses	20,000	10,000
	29,10,000	32,70,000		29,10,000	32,70,000

Additional information:

- i) Debentures were redeemed at a premium of 10 %
- ii) Taxes paid during the year amounted to Rs 1,40,000.
- iii) A machine which appeared at a WDV of Rs 80,000 was sold for Rs 1,30,000 and a new machine worth Rs 3,60,000 was acquired during the year.

After considering the above additional information, the net increase in working capital is Rs 1,10,000 and Funds from operations (Adjusted P & L) is Rs 5,20,000. Prepare Fund flow statement.

- (b)** State whether the following transactions increase or decrease or do not affect the working capital and give reasons. **07**
- 1) A company issues Rs 1,00,000 worth of shares for cash.
 - 2) Redemption of debentures worth Rs 2,00,000.
 - 3) Amount received from debtors Rs 32,000
 - 4) Amount paid to creditors Rs 15,000
 - 5) Plant sold for Rs 40,000
 - 6) Raw materials purchased Rs 60,000 from ZB Co on Credit basis.
 - 7) Furniture purchased Rs 40,000 for cash.

- Q.7 (a)** The average net profit of a business as adjusted for valuation of goodwill amounted to Rs 2,35,000. The net tangible assets employed were of the value Rs 14,50,000. But upon valuation they amounted to Rs 15,00,000. Assuming that 10 % represented a fair commercial return, calculate the amount of goodwill by capitalizing super profits. **05**

OR

- Q.7 (a)** Explain the different methods of valuation of shares **05**
