

GUJARAT TECHNOLOGICAL UNIVERSITY**MBA Integrated - SEMESTER– II EXAMINATION – WINTER 2021****Subject Code: 2527104****Date: 23/12/2021****Subject Name: Corporate Accounting****Time: 02:30 PM to 05:30 PM****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) What is Cash Flow Statement? Explain its usefulness. Also Distinguish Cash Flow Statement and Fund Flow Statement. **07**
- (b) Explain the differences between Income and Expenditure Account and Receipts and Payments Account. **07**
- Q.2** (a) The average net profit of a business as adjusted for valuation of good will amounted to Rs. 2,35,000. The net tangible assets employed were of the value of 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 capitalising super profits. **07**
- (b) Explain and illustrate the super-profit method of valuation of Goodwill. **07**
- OR**
- (b) Write short note on: Intrinsic value of shares. **07**
- Q.3** (a) What is forfeiture of shares? What are the legal requirements necessarily followed by the Board before forfeiture of shares? **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.)	Dividend	Weight
2011	10,00,000	80,000	12%	1
2012	16,00,000	1,60,000	14%	2
2013	20,00,000	2,20,000	16%	3
2014	25,00,000	3,75,000	18%	4

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

OR

- Q.3** (a) What are a debenture and its redemption? Describe the various methods for redemption of debentures. **07**

- (b) A company offers 10,000 shares of Rs.10 each to the public for subscription at Rs. 12 per share. Money is payable as follows: **07**
Rs. 3 on application,
Rs. 4 on allotment (including Rs. 1 as premium)
Rs. 5 on call (including Rs. 1 as premium)
Applications are received for 15,000 shares. No allotment is made to applicants for 3,000 shares and their application money is refunded. Rests are allotted shares on a pro rata basis. All allottees pay the money due on shares as and when called up.
Pass necessary journal entries and show how the items will appear in the company's balance sheet.

- Q.4 (a)** Write short note on: Issue of Equity Shares at-Par, at-Premium, at-Discount. **07**
(b) A company has outstanding 12% debentures of Rs. 1 lakh on 1 January 2016. **07**
The company pays interest on 30 June and 31 December. It purchases debentures of Rs. 10,000 for cancellation on 1 May, 2016 @ Rs. 102 cum-interest. It further purchases for redemption debentures of Rs. 20,000 on 1 September 2016 at Rs. 95 ex-interest. You are required to pass the necessary journal entries in the books of the company (including those for interest) for 2016 excluding tax.

OR

- Q.4 (a)** Explain the terms: Ex-interest and Cum-interest in connection with the purchase and sale of debentures. Give suitable examples. **07**

- (b) The following are the summarized Balance Sheet of a company as on December 2012 and 2013: 07

Liabilities	2012(Rs.)	2013(Rs.)	Assets	2012(Rs.)	2013(Rs.)
Share Capital	2,00,000	2,50,000	Land and buildings	2,00,000	1,90,000
General reserve	50,000	60,000	Machinery	1,50,000	1,69,000
Profit and loss	30,500	30,600	Stock	1,00,000	74,000
Bank loan (long-term)	70,000	-	Sundry debtors	80,000	64,200
Sundry creditors	1,50,000	1,35,200	Cash	500	600
Provision for taxation	30,000	35,000	Bank	-	8,000
			Goodwill	-	5,000
	5,30,500	5,10,800		5,30,500	5,10,800

Additional Information:

During the year ended 31 December 2013:

1. Dividend of Rs.23,000 was paid.
2. Assets of another company were purchased for a consideration of Rs. 50,000 payable in shares.

The following assets were purchased: stock Rs. 20,000: Machinery Rs.25,000.

3. Machinery was further purchased for Rs. 8,000.
4. Depreciation written off machinery Rs. 12,000.
5. Income-tax provided during the year Rs. 33,000.
6. Loss on sale of machinery Rs. 200 was written off to General Reserve.

You are required to prepare a cash flow statement.

- Q.5** (a) What are the chief advantages of Funds Flow Statements? Also describes its limitations. 07
- (b) Prepare the summarized form of Corporate Balance Sheet (Vertical) with all schedules. 07

OR

- Q.5** (a) Distinguish between Funds Flow Statement and Cash Flow Statement. 07
- (b) Prepare a summarized form of statement of profit and loss account of a company as per the revised Schedule III of the Companies Act, 2013. 07
