

**GUJARAT TECHNOLOGICAL UNIVERSITY**  
**MBA Integrated– SEMESTER –II-EXAMINATION – WINTER-2023**

**Subject Code:2527104****Date: 06-01-2024****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)** From the following of Mehal Industries Co. Ltd., prepare a P & L A/c for the year ended on 31 st march, 2015 and Balance Sheet (vertical with all schedule) as on that date after making the necessary adjustments. **14**

<b>Particulars</b>	<b>Dr.(Rs.)</b>	<b>Cr.(Rs.)</b>
10% Preference share capital		1000000
Equity share capital		5000000
Reserve Fund		500000
6% Debentures		2000000
Goodwill	150000	
Machinery	1000000	
Building	5000000	
Investments	2000000	
Debtors & Creditors	1000000	500000
Purchases & Sales	6000000	9400000
Cash & Bank	100000	500000
Goods Returned	1000000	500000
Interest on Debentures & Interest on Investments	120000	300000
Salaries	960000	
Rent, Rates & Insurance	240000	
General expenses	380000	
Depreciation of Fixed Assets	300000	
Opening stock	1500000	
Bad Debts Reserve	-----	50000

**Adjustments :**

- (1) Stock on 31-3-2008 was Rs. 2000000.
- (2) Write off Rs. 50000 as bad debts and provide Rs.50000 as bad debts reserve for debtors.
- (3) Make provisions for taxation Rs. 640000.
- (4) Transfer to Reserve Fund Rs.300000.
- (5) Board of Directors has proposed to pay 5% dividend on equity shares.

- Q.2 (a)** Explain the Followings:- **A.** Buy Back of Shares **B.** Pro-rata Allotment **C.**Bonus share **07**  
**(b)** Describe in detail in which circumstances valuation of goodwill is necessary. **07**

**OR**

- (b)** The net profits after charging taxation for the 5 years are **07**  
:45000,42000,40000,46000 and 47000.The average capital employed in the business has been 400000 and the normal rate of return 10%.It is considered that the super profit will continue for the next five years. Ascertain the value of goodwill using annuity method.  
The present value of an annuity of 1 at10% for the five years is rs 3.78.

**Q.3 (a)** Explain the differences between Income and Expenditure Account and Receipts and Payments Account. **07**

**(b)** The following is the balance sheet of paras ltd as on 31 march 2015 **07**

Particulars	Amt	Particulars	Amt
Share capital(1000 shares of 100each)	100000	Fixed assets	80000
Creditors	50000	Debtors	30000
Other liabilities	20000	Stock	40000
		cash	5000
		bank	15000
	170000		170000

profit of the company for the last 5 years have been :10000,12000,11000,14000,13000. The managing director of the company who was working in the honorary capacity now will have to paid annual salary of rs 3000. on the other hand ,the rent at 4000p.a which had been paid by paras ltd will not be charged in future, return on capital invested is 10%  
Calculate the value of good will by sing capitalisation of average profits method.

**OR**

**Q.3 (a)** What do you mean by Good will? State various methods of valuing goodwill. **07**

**(b)** Write note on forfeiture of share. **07**

**Q.4 (a)** The share capital of a company is as follows **07**

1)10000 'A' equity shares of rs100each fully paid	- 1000000
2)10000 'B' equity shares of rs 100each rs 60 paid up	- 600000
3)10000 'C' equity shares of rs 100each rs 50 paid up	- 500000
Paid up capital	2100000
General reserve	600000
Creditors	300000

The after tax average profit of the company is estimated to be rs 200000.the expected rate of return in such type of business is 10%

Find out value of share 1)intrinsic value method 2)yield method

**(b)** What are a debenture and its redemption? Describe the various methods for redemption of debentures in details. **07**

**OR**

**Q.4 (a)** A limited makes a public issue of 100000 equity share of rs 10each at a discount of rs 1 per share ,payable as follows : **07**

On application and allotment	rs 3
On first call	rs 4
On second call	rs 2

Sunil holding 1000 shares does not pay the second call. His shares are forfeited. Out of these forfeited shares 500shares are reissued as fully paid up@ rs 5 per share.

Pass necessary journal entries.

**(b)** What is share capital? Discuss various types of share capital. **07**

- Q.5 (a)** The following are summarized balance sheet of x limited as at 31 march 2013 and 2014 **07**

<b>Liabilities</b>	<b>2013</b>	<b>2014</b>	<b>Assets</b>	<b>2013</b>	<b>2014</b>
Equity share	150000	150000	Fixed assets	145000	160000
Pref share	-	60000	Invest	-	30000
General reserve	30000	40000	Stock	45000	65000
P and I account	25000	70000	Debtors	20000	40000
Creditors	20000	15000	Bills receivable	6000	3000
o/d	5000	-	Prepaid exp	25000	15000
Bills payable	-	3000	Cash	13000	45000
Tax provision	10000	15000	advances		
Proposed dividend	20000	25000			
	260000	378000		260000	378000

Prepare a statement showing the changes in working capital.

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

**OR**

- Q.5 (a)** What is forfeiture of shares? What are the legal requirements necessarily followed by the Board before forfeiture of shares? **07**
- (b)** Explain fund flow statement. Discuss which parties will be benefited from the study of fund flow statement. **07**

\*\*\*\*\*