

Enrollment No./Seat No.:

GUJARAT TECHNOLOGICAL UNIVERSITY

MA - SEMESTER - II EXAMINATION - WINTER 2025

Subject Code: 2527104

Date: 05-12-2025

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.**
- 4. USE of SIMPLE calculators AND non-programmable scientific calculators are permitted.**

- Q.1 (a)** Give head, subhead and sub-sub head (if applicable) of following items of Balance Sheet as per Schedule III of Companies Act, 2013 **07**
- (1) 10% Secured Debentures
 - (2) Outstanding Salary and Wages
 - (3) General Reserve
 - (4) Cash at Bank
 - (5) Machinery
 - (6) Debtors
 - (7) Goodwill
- (b)** Write down the point of differences between Cash Account (Receipt and Payment Account) and Income and Expenditure Account. **07**
- Q.2 (a)** XYZ Ltd. provides the following information for the year ended 31st March 2023: **07**
1. Sales Revenue: INR 500,000
 2. Cost of Goods Sold: INR 300,000
 3. Commission income: INR 200,000
 4. Operating Expenses: INR 100,000
 5. Depreciation Expense: INR 20,000
 6. Interest Expense: INR 10,000
 7. Income Tax Expense: INR 30,000

Prepare the Profit and Loss Statement for XYZ Ltd. in vertical format as per Schedule III of the Companies Act, 2013.

- (b)** Write about the following methods of Valuation of Goodwill **07**
- (1) Average Profit Method
 - (2) Super Profit Method

OR

(b) The following particulars of a company are available:

07

- (1) Equity share capital: 10,000 equity shares of INR 10 each fully paid.
- (2) Preference share capital: 1,000, 12% preference shares of INR 100 each fully paid.
- (3) Reserve and Surplus: INR 15,000.
- (4) External Liabilities: Creditors – INR 12,000; Bills payable – INR 6,000.
- (5) Average normal profit after tax earned each year by the company INR 28,500.
- (6) Transferred to general reserve - 10%.

Assets of the company include one fictitious item of INR 800. The normal rate of return in respect of the equity share of this type of company is ascertained at 10% (ignore goodwill).

Compute the value of the company's share by

- (a) Asset backing method; and,
- (b) Yield method

Q.3 (a) Briefly write about different methods available for redemption of debentures

07

(b) X Limited made an issue of 10,000 Equity Shares of INR 15 each payable as follows:

07

- (1) INR 4 per share on application;
- (2) INR 7 per share (including 2 per share as premium) on allotment; and
- (3) INR 6 per share on first and final call.

Das holding 50 shares failed to pay the allotment and call monies. Pal holding 80 shares failed to pay the call money. All these shares were forfeited and subsequently re-issued to Roy as fully paid-up @ INR 7 per share.

Pass Journal Entries (including cash transactions) to record the above issue, forfeiture and re-issue of shares in the books of the company.

OR

Q.3 (a) What do you mean by Debentures? Write about different types of Debentures.

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(b) A Ltd. invited applications for 10,000 shares of INR 100 each at a premium of INR 10 per share. The amount is payable as follows:

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- On application – INR 25
On allotment – INR 35 (including premium)
On First Call – INR 25
On Final Call – INR 25

The Application were received for 9000 shares and these were accepted in full. All money due were received except the first and final call money on 200 shares, which were forfeited. Out of these shares, 100 shares were subsequently re-issued @ INR 90 per share.

You are required to pass journal entries for the above transaction.

Q.4 (a) Calculate Net Cash Flows from Operating Activities from the following:

07

(a) Profit made during the year INR 250,000 after considering the following items:

- (i) Depreciation on fixed assets INR 10,000
- (ii) Amortization of Goodwill INR 5,000
- (iii) Transfer to General Reserve INR 7,000
- (iv) Profit on sale of land INR 3,000

(b) The following is the position of current assets and current liabilities:

Particulars	2024 (INR)	2023 (INR)
Debtors	15000	12000
Creditors	10000	15000
Bills Receivable	8000	10000
Prepaid Expenses	4000	6000

(b) What is Cash Flow Statement Analysis? How it differs from Fund Flow Statement Analysis?

07

OR

Q.4 (a) Calculate Cash Flow from Operating Activities from the following Profit & Loss Account:

07

Particulars	Amount	Particulars	Amount
Salaries	14000	Gross Profit	52000
Rent	10000	Profit on sale of Land	12000
Provision for Bad Debts	2000		
Depreciation	3000		
Goodwill W/off	2500		
Loss on sale of Plant	1500		
Provision for Tax	6000		
Proposed Dividends	7000		
Net Profit	18000		
	64000		64000

(b) Classify the following items under the different heads of Cash Flow Statement.

07

- (a) Purchase of Fixed Assets
- (b) Dividend Paid
- (c) Proceeds from issue of shares
- (d) Payment of wages to workers
- (e) Receipts from Customers
- (f) Payment of Bank Loan
- (g) Redemption of Debentures

Q.5 (a) What is buy Back of Shares? Write down provisions related to buy back of Shares given under Companies Act, 2013.

07

- (b) From the following information, calculate value of goodwill taking 5 years purchase of super profit 07
- (a) Equity Share Capital – 5000 equity shares of INR 20 each fully paid
 - (b) Preference Share Capital – 1,000 8% preference shares of INR 100 each fully paid
 - (c) General Reserve: INR 30,000
 - (d) Loss on revaluation of Plant and Machinery – INR 12000
 - (e) Average trading profit after tax- INR 30,000
 - (f) Normal Rate of Return on Capital Employed – 12%

OR

- Q.5** (a) Prepare Performa Balance Sheet (Vertical) as per Schedule III of Companies Act, 2013. 07
- (b) Compute funds from operations from the following Statement of Profit and Loss: 07

A Ltd.

Statement of Profit & Loss for the year ended 31-03-2024

Particulars	Note No.	Amount (INR)
I. Revenue from Operations		15,00,000
II. Other Incomes		60,000
III. Total Revenue		15,60,000
IV. Expenses		
Cost of Material consumed		10,00,000
Change in inventories of finished goods		50,000
Employee Benefits Expenses		3,00,000
Depreciation		70,000
Other Expenses	1	24,200

Notes to Account:

- (1) Other Expenses
 - (a) Loss on Sale of Machine – INR 4,000
 - (b) Discount allowed – INR 200
 - (c) Goodwill written off – INR 20,000
