

**PARUL UNIVERSITY**  
**FACULTY OF COMMERCE**  
**B.Com.(Hons) Summer 2022 – 23 Examination**

Semester: 4

Subject Code: 16101252

Subject Name: Corporate Accounting

Date: 28-03-2023

Time: 10:30am to 01:00pm

Total Marks: 60

**Instructions:**

1. All questions are compulsory.
2. Figures to the right indicate full marks.
3. Make suitable assumptions wherever necessary.
4. Start new question on new page.

**Q.1 Do as directed.****A) Multiple choice type questions. (Each of one mark)****(06)**

1. Which of the following are sources of funds for an organization?
  - a) Conversion of debentures into shares
  - b) Conversion of loans into shares
  - c) Issue of shares against the purchase of fixed assets
  - d) None of the above
2. In cash flows, when a company invests in fixed assets and short-term financial investments results in
  - a) Increased Equity
  - b) Increased Liabilities
  - c) Decreased Cash
  - d) Increased Cash
3. Funds flow statement is based on the concept of
  - a) Going Concern
  - b) Business Entity
  - c) Accounting Period
  - d) None of the above
4. A company is created by
  - a) Special Act of the Parliament
  - b) Companies Act
  - c) Investors
  - d) Members
5. The purchase value of assets over its serviceable life is categorized as
  - a) Appreciated Liabilities
  - b) Depreciation
  - c) Appreciated Assets
  - d) Appreciation
6. Liability of shareholder is limited to \_\_\_\_\_ of the shares allotted to him
  - a) paid up value
  - b) called up value
  - c) reserve price
  - d) face value

**B) Define the following (Each of one mark)****(06)**

1. Buy Back of Shares
2. Convertible Debentures
3. Trend Analysis
4. Profitability Ratio
5. Liquidation of Joint Stock Company
6. Working Capital

**Q.2 Numerical / Short Note Questions. (Each of 04 mark)****(12)**

1. PQR Ltd., arrived at a net income of ₹5,00,000 for the year ended March 31, 2020. Depreciation for the year was ₹2,00,000. There was a profit of ₹50,000 on assets sold which was transferred to Statement of Profit and Loss account. Trade Receivables increased during the year ₹40,000 and Trade Payables also increased by ₹60,000. Compute the cash flow from operating activities.
2. Write short notes on:
  - (a) Forfeiture of Shares
  - (b) Calls – in – arrears
3. Explain in brief with respect to Liquidation of a company:
  - (a) Secured Creditor
  - (b) Preferential Creditor

**Q.3 Answer the following. (Any Three)****(18)**

1. The details of Sainath Company are as under:

Sales (40% Cash Sales)	15,00,000
Less: Cost of Sales	7,50,000
Gross Profit:	7,50,000

Less: Office Exp. (including interest on debenture)	1,25,000	
Less: Selling Exp.	1,25,000	2,50,000
	Profit before Taxes:	5,00,000
Less: Taxes		2,50,000
	Net Profit:	2,50,000

#### Balance Sheet

Particular	₹	Particular	₹
Equity Share Capital	20,00,000	Fixed Assets	55,00,000
10% Preference Share Capital	20,00,000	Stock	1,75,000
Reserves	11,00,000	Debtors	3,50,000
10% Debentures	10,00,000	Bills Receivable	50,000
Creditors	1,00,000	Cash	2,25,000
Bank Overdraft	1,50,000	Fictitious Assets	1,00,000
Bills Payable	45,000		
Outstanding Expenses	5,000		
	64,00,000		64,00,000

Beside the details mentioned above, the opening stock was of ₹ 3,25,000. Taking 360 days of the year, Calculate the following ratios:

- (a) Gross Profit Ratio      (b) Stock Turnover Ratio      (c) Operating Ratio  
(d) Current Ratio      (e) Liquid Ratio      (f) Debtors Ratio

2. Explain in detail:

- (a) Winding Up of a Company by Tribunal  
(b) Liquidators' Statement of Account  
(c) Deficiency Account

3. A company has offered for subscription to the public 10000 shares of ₹ 10 each. It has received applications for 15000 shares. Company has decided to allot shares on prorata basis. Gurpreet holding 200 shares failed to pay allotment money and first call money. His shares were forfeited:

Amount payable was as under:

₹ 2 per share on application.

₹ 3 per share on allotment.

₹ 5 per share on call.

Make journal entries and prepare relevant account in the books of the company.

4. What do you understand by Preference Shares? Explain its types in brief

#### Q.4 Answer the following. (Any two)

(18)

1. Following are the financial statements of Why Ltd.:

#### Balance Sheet

Particulars	31.03.2021(Rs.)	31.03.2020 (Rs.)
<b>Capital and Liabilities</b>		
Share Capital	1,67,500	1,50,000
Share Premium	3,35,000	2,37,500
Reserves & Surplus	1,74,300	1,23,250
Debentures	2,40,000	-
Long – term loans	40,000	50,000
Creditors	28,800	27,100
Bank O.D.	7,500	6,250
Accrued Expenses	4,350	4,600
Income tax payable	48,250	16,850
	10,45,700	6,15,550
<b>Assets</b>		
Land	3,600	3,600
Building (net of depreciation)	6,01,800	1,78,400
Machinery (net of depreciation)	1,10,850	1,07,050
Investments in A Ltd.	75,000	-
Stock	58,800	46,150
Prepaid Expenses	1,900	2,300
Debtors	76,350	77,150
Trade Investments	40,000	1,05,000
Cash	77,400	95,900
	10,45,700	6,15,550

**Income Statement**  
**For the year ended 31.03.2021**

Particulars	Amount (₹)
Net Sales	13,50,000
<b>Less:</b> Cost of goods sold and operating expenses (including depreciation on building of ₹ 6,600 and depreciation on machinery of ₹ 11,400)	12,58,950
Net Operating Profit	91,050
Gain on sale of trade investments	6,400
Gain on sale of machinery	1,850
Profits before tax	99,300
Income tax	48,250
Profits after tax	51,050

**Additional information:**

- a) Machinery with a net book value of ₹ 9,150 was sold during the year.
- b) The shares of 'A' Ltd. were acquired by issue of debentures.

**Required:**

Prepare a Funds Flow Statement (Statement of changes of financial position in Working Capital basis) for the year ended March 31, 2021.

2. X Ltd. having a share capital of ₹5,00,000 divided into 50,000 equity shares of ₹10 each issued 30,000 shares at par, payable as to ₹2, ₹3, ₹2.5 & balance.

All shares were subscribed and allotted on 1<sup>st</sup> July, 2019. Last date for payment of allotment money 1<sup>st</sup> August.

1<sup>st</sup> call was made on 1 October, 2019. 2<sup>nd</sup> on 1 March, 2020 payable in 1 month each.

All amounts were received but holder of 100 shares failed to pay the amount of allotment and paid this amount with interest @ 5% p.a. with the amount of his 1<sup>st</sup> call money.

Another holder of 200 shares paid the call amounts of his shares along with allotment money.

He was paid interest on his calls – in – advance @ 6% p. a. from 1st Mar, 2020.

Journalize the above transactions

3. Who is a Liquidator? State his functions and roles.