

PARUL UNIVERSITY
FACULTY OF COMMERCE
B.Com. (Hons.) Summer 2018 – 19 Examination

Semester: 4

Subject Code: 16101252

Subject Name: Corporate Accounting

Date: 15/4/2019

Time: 10.30am -1:00 pm

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. There are two types of cashflows:

a) Cash inflow & cash out flow	b) Cash inwards Cash outwards
c) Both (a) & (b)	d) None of the above
2. Increase in Equity share capital is what kind of activity?

a) Operating Activity	b) Investing activity
c) Financing Activity	d) None of the above
3. All the day to day activities are known as operating activities.

a) True	b) False
c)	d)
4. Activity ratios are also termed as ____

a) Balancesheet Ratio	b) Turnovers ratios
c) Purchase ratios	d) sales ratios.
5. Operating Leverage is related to fixed cost. It indicates the impact of changes in sales on operating income.

a) True	b) False
c)	d)
6. _____ is the multiplication of operating leverage and financial leverage.

a) Asset leverage	b) Purchase leverage
c) Sales leverage	d) Combined leverage

B) Definitions / One-liners / Terms. (Each of one mark)**(06)**

1. Preference shares
2. Cash Flow statement
3. Leverage
4. Operating activities
5. Long term Debt
6. Balancesheet ratios.

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

1. X Ltd. has the following capital structure :
 Rs. Equity share capital (of Rs. 100 each) 1,00,000
 10% Preference share capital (of Rs. 100 each) 2,00,000
 10% debentures (of Rs. 100 each) 2,00,000
 If EBIT is (i) Rs. 1,00,000 (ii) Rs. 80,000 and (iii) Rs. 1,20,000,
 Calculate financial leverage under three situations. Assume 50% tax rate.
2. Explain merits of Ratio Analysis.
3. Explain advantages of Cash flow statement.

Q3 Answer the following. (Any Three)**(18)**

1. (Calculation of interest on calls in advance & calls in arrears) Mother ltd issued 80,000 shares of Rs 10 each payable as follows:
 On application Rs 2 (01-01-2012) on allotment Rs 3 (01-04-2012), on first call Rs 3 (01-06-2012) and on second call Rs 2 (01-08-2012). Applications were received for 48,000 shares and the directors made allotment in full. One share holder to whom 80 shares were paid the entire balance on his shareholdings with allotment money and another share holder holding 120 shares did not pay allotment money & first call. But he paid the arrears with final call. Calculate the amount of interest paid and receive on calls in advance and calls in arrears respectively on 1st august 2012.

2. Explain Liquidator's Final Statement of Account.

3 Compute 1. Capital employed 2. Net worth 3. External funds/Equity from the following.

Liabilities	Amt	asset	Amt
Equity	1,50,000	Fixed Assets	2,50,000
9% Preference share	50,000	Current assets	1,50,000
Debentures	60,000	Investments	75,000
Loans	40,000	P&L ac (Loss)	25,000
Current liabilities	75,000	General reserve	75,000
P&L ac	50,000		
	5,00,000		5,00,000

4. CR of a company is 4:3, working capital is Rs 60,000. Calculate the amount of CA & CL

Q.4 Answer the following. (Any two)

(18)

1. (. From the following Information prepare cashflow statement by **DIRECT METHOD**.

Particulars	Amt	Particulars Amt	Amt
To opening stock	1,57,000	By Sales	9,24,000
To purchases	6,41,000	By Closing Stock	1,74,500
To GP c/d	3,00,000		
	10,98,500		10,98,500
To salaries	1,67,000	By GP c/d	3,00,000
To Trade Expenses	21,500		
To Depreciation on Furniture	13,500		
To Provision for Tax	49,000		
To Net Profit	49,000		
	3,00,000		3,00,000
To General Reserve	10,000	By balance b/d	9,000
To Proposed Dividend	37,500	By Net Profit	49,000
To balance carried to B/S	10,500		
	58,000		58,000

Liabilities	31.3.2001	31.3.2002	Asset	31.3.2001	31.3.2002
Share Capital	2,50,000	2,50,000	Machinery	1,50,000	1,35,000
General reserve	50,000	60,000	Less Depreciation	15,000	13,500
Profit & Loss a/c	9,000	10,500		1,35,000	1,21,500
Creditors	33,150	42,100	Stock	1,57,500	1,74,500
Expenses O/s	850	900	Debtors	41,500	40,500
Prev. for taxation	47,000	49,000	Cash in hand	1,000	2,750
Proposed Dividend	37,500	37,500	Cash at Bank	45,000	60,000
			Prepaid Expenses	-	750
			Income Tax Advance	47,500	50,000
	4,27,500	4,50,000		4,27,500	4,50,000

During the year dividend Rs 37,500 for the year 2000-2001 was paid. A tax refund of Rs 500 for the year 2000-2001 was received. Advanced tax Rs 50,000 was paid during the year.

2. From the following Information prepare cashflow statement by **INDIRECT METHOD**.

Liabilities	31.12.2001	31.12.2002	Assets	31.12.2001	31.12.2002
Share Capital	1000	1000	Fixed Asset (Net)	1700	2000
Reserve and surplus	850	1000	Stock	680	700
Long term debt	1000	1110	Debtors	720	660
Trade Creditors	250	190	Cash	100	100
Provisions	150	160			
	3200	3460		3200	3460

The income statement of X Ltd for 2002 is also given bellow:

Particulars	Amount	Amount
Net sales		4080
COGS:		
Stock	2020	
Wages	420	
Other manufacturing Expenses	280	(2720)
Gross profit		1360
Operating Expenses		
Depreciation	220	
Selling , Administrative Expenses	460	
Operating profit		(680)
Non operating		50
Profit before interest and tax		730
Interest		(140)
Profit before tax		590
Tax		(260)
Profit before dividends		330
Dividends		(180)
Retained Earning		150

3. Explain Forfeiture of share under the following cases:

1. At Par
2. At Premium
3. At Discount.