

B.B.A.Semester IV
April-2016
Principle & Practice of Corporate Accounting II
Subject Code: 3731
English Version

Time: 2:30 Hour

Marks: 70

Que.1 The following are the summarized balance sheets of Kinjal Ltd

[14]

Liabilities	31-3-14	31-3-15	Assets	31-3-14	31-3-15
Equity Share Capital	4,00,000	6,00,000	Land & building	3,50,000	4,00,000
General reserve	1,00,000	1,20,000	Plant & machinery	2,50,000	3,00,000
Profit & loss	1,00,000	80,000	Furniture	40,000	80,000
20% debentures	2,00,000	2,00,000	Stock	1,00,000	1,20,000
Creditors	70,000	1,00,000	Debtors	1,50,000	1,90,000
Bills payable	30,000	40,000	Bills receivable	50,000	60,000
Bank overdraft	60,000	60,000	Cash on hand	20,000	50,000
	9,60,000	12,00,000		9,60,000	12,00,000

Additional Information:-

	31-3-14	31-3-15
Total Sales (out of which 20% are cash sales)	11,25,000	12,50,000
Gross profit	4,25,000	5,00,000
Net profit (before interest on debentures and tax 50%)	2,00,000	3,00,000
Stock as on 1-4-13	Rs.1,50,000	

From the above particulars calculate the following ratios for both the years

- (1) Net profit ratio
- (2) Stock turnover ratio
- (3) Debtors ratio and debtors turnover ratio
(360 days to be taken for the year)
- (4) Current ratio
- (5) Return on capital employed
- (6) Return on equity shareholder's fund
- (7) Total assets turnover

OR

Que.1 (a) Characteristics of financial statements

[07]

(b) Limitations of financial statements

[07]

Que.2 Explain the factors affecting valuation of goodwill

[14]

OR

Que.2 The balance sheet of Hetal ltd was as follows.

[14]

Balance sheet as on 31-3-2008

Liabilities	Amount	Assets	Amount
Equity share capital (Each share of Rs.10)	1,80,000	Goodwill	10,000
Reserves and surplus	20,000	Plant	1,20,000
Creditors	50,000	Furniture	5,000
Bills payable	20,000	Stock	80,000
Expenses outstanding	5,000	Debtors	40,000
		Prepaid expenses	3,000
		Cash and bank	17,000
	2,75,000		2,75,000

Additional information is as below

(1) The assets are valued as follows

Plant Rs. 1,10,000 Stock Rs. 87,000
Furniture Rs. 6,000 Debtors Rs. 36,000

(2) The profits after tax for the last three years and appropriate weights to be used are as under:

Year	Profits	Weights
31-3-2006	30,000	1
31-3-2007	33,000	2
31-3-2008	31,000	3

(3) The reasonable return on capital invested in such type of business is 10%

Ascertain the amount of goodwill on the basis of three year's purchase on the basis of the weighted average profit of last three years.

Que. 3 Explain the internal and external factors affecting value of shares

[14]

OR

Que. 3 Ascertain the intrinsic value of equity share of X Co. from the following Information.

[14]

Balance sheet as on 31-3-2008

Liabilities	Amount	Assets	Amount
Share capital: 1,00,000	10,00,000	Goodwill	50,000
10 % preference shares of Rs. 10 each			
1,00,000 equity shares of Rs. 10 each	10,00,000	Land (Market value Rs. 14,00,000)	13,50,000
Reserves	4,00,000	Plant & machinery	12,50,000
10% debenture	4,00,000	Furniture	10,000
Depreciation fund		Investments:	
Land 50,000		Share in sub.co 1,50,000	
Plant & machinery 50,000	1,00,000	10% debentures in other co. 40,000	1,90,000
Current Liabilities	95,000	Debtors	60,000
		Stock	80,000
		Cash and bank balance	5,000
	29,95,000		29,95,000

Que.4 (a) Explain the meaning and utility of fund flow statement [07]

(b) Prepare horizontal form of statement of sources and application of fund. [07]

OR

Que.4 How is a statement showing changes in working capital prepared? Explain the effect of a change in working capital on the funds of business [14]

Que.5 Prepare statement showing following details from the balance sheets and other details given below: [14]

(1) Changes in working capital (2) Sources and application of funds

Balance sheets					
Liabilities	31-3-2008	31-3-2009	Assets	31-3-2008	31-3-2009
Share capital	4,50,000	4,50,000	Plant & machinery	4,00,000	3,20,000
General reserve	3,00,000	3,10,000	Investments	50,000	60,000
Profit & loss a/c	30,000	35,000	Stock	2,00,000	1,95,000
Capital reserve	26,000	33,000	Bills receivable	40,000	15,000
Debentures	--	2,70,000	Debtors	2,00,000	4,55,000
Creditors	90,000	75,000	Bank balance	1,59,000	1,97,000
Bills payable	78,000	59,000			
Provision for taxation	75,000	10,000			
	10,49,000	12,42,000		10,49,000	12,42,000

Other details are as follows:

- (1) During the year investments worth Rs. 8,000 were sold at price of Rs. 8,500 and new investments worth Rs. 18,000 were purchased.
- (2) Net profit of the year was Rs. 62,000 after debiting the depreciation of Rs. 70,000 on plant and machinery and Rs. 10,000 provision for taxation.
- (3) During the year plant and machinery worth Rs.10,000 were sold at a price of Rs.12,000 and the profit on the same was credited to profit and loss account
- (4) During the year Rs. 40,000 were paid as dividend .

OR

Que.5 The following are the balance sheets of the Quick co. ltd as on 31st December [14]

Liabilities	31-12-2008	31-12-2009	Assets	31-12-2008	31-12-2009
Equity share capital (Each share of Rs.10)	1,00,000	1,50,000	Fixed assets (net)	1,30,000	2,23,000
General reserves	60,000	20,000	Investment	15,000	12,000
Profit and loss A/c	10,000	12,000	Stock	10,000	15,000
10% debentures	-	50,000	Sundry debtors	55,000	35,000
Sundry creditors	45,000	51,000	Cash & bank balance	12,000	9,000
Provision for taxation	15,000	17,000	Preliminary expenses	8,000	6,000
	2,30,000	3,00,000		2,30,000	3,00,000

Additional information:

- (1) On 1-1-2009 bonus shares at one share for every two shares were issued by capitalizing general reserve.
- (2) Income tax of Rs. 14,000 was paid during the year
- (3) Interim dividend of Rs. 9,000 was paid during the year
- (4) Depreciation rs.5,000 was provided on fixed assets
- (5) Investments costing Rs. 5,000 were sold at a profit of Rs. 1,000 and the profit was credited to profit and loss account

From the above information prepare a statement of source and application of funds and a statement showing changes in working capital.