Enrollment No: ______________________ Exam Seat No:______________________

C.U.SHAH UNIVERSITY

Summer Examination-2016

Subject Name: Corporate Accounting

Subject Code : 4MS04CAC1 **Branch: B.B.A**

Semester: 4 **Date : 10/05/2016** **Time : 2:30 To 05:30** **Marks : 70**

Instructions:

(1) Use of Programmable calculator & any other electronic instrument is prohibited.
(2) Instructions written on main answer book are strictly to be obeyed.
(3) Draw neat diagrams and figures (if necessary) at right places.
(4) Assume suitable data if needed.

Q-1 **Attempt the following questions:** **(14)**

a) A situation where a company receives applications for a larger number of shares than offered to the public for subscription is termed as ………… 01
1) Over-subscription 2) Under-subscription 3) Non-subscription 4) None of these

b) The amount of share premium received by the company is shown under the heading ………………….in the Company's Balance sheet 01
1) Reserves and surplus 2) Provisions 3) Dividends 4) Discount

c) Discount on issue of shares account should be shown in the…………………
1) Trading A/c 2) Profit and Loss A/c 3)Assets side of the Balance Sheet 4) Liabilities side of the Balance Sheet

d) Bonus shares can not be issued out of……………..
1) Capital Redemption Reserve A/c 2) General Reserve A/c 3) Balance of Profit and Loss A/c 4) Dividend Equalization Reserve

e) Redemption of Preference shares can not be done out of………………..
1) Amount of sale of an asset 2) General reserve 3) Balance of Profit and Loss A/c 4) Development Fund

f) Interim Dividend is declared by……………..
1) Annual general meeting 2) Extraordinary meeting 3) Board of Directors 4) Central Government

g) The maximum limit of monthly remuneration for managerial person is…………..
1) Rs. 1,00,000 2) Rs. 1,25,000 3) Rs. 1,50,000 4) Rs. 2,00,000

h) After completion of income-tax assessment, the balance of provision for taxation account is transferred to………………….
1) Advance Tax A/c 2) Income Tax A/c 3) Tax Deducted at Source A/c 4) Profit and Loss A/c

i) A business has a current ratio of 3:1 and a quick ratio of 1.2:1. If the working capital is Rs. 1, 80,000, calculate the total current assets and stock.

1) Rs. 1,62,000 and Rs. 90,000 2) Rs. 2,70,000 and Rs. 1,62,000 3) Rs. 2,70,000 and Rs. 90,000 4) Rs. 2,62,000 and Rs. 2,70,000

j) In which schedule of Indian Companies Act, 1956, requirements of Balance sheet of a company are mentioned in…………………..

1) Schedule VI Part I 2) Schedule VI Part II 3) Schedule III Part I 4) Schedule III Part II

k) After declaration, all dividends must be paid within………………

1) 15 days 2) 20 days 3) 25 days 4) 42 days

l) Interest on amount of calls in advance can not be more than………………..

1) 2 % p.a. 2) 4 % p.a. 3) 6 % p.a. 4) 10 % p.a.

m) Profit on reissue of forfeited shares is transferred to…………………

1) Profit and Loss A/c 2) Capital Reserve A/c 3) Share Capital A/c 4) General Reserve A/c

n) Which of the following is a tool for financial statement?

1) Trial Balance 2) Balance Sheet 3) Ratio Analysis 4) None of these

Attempt any four questions from Q-2 to Q-8

Q-2 **Attempt all questions** **(14)**

(a) In what circumstances can a company forfeit its shares? Can forfeited shares be reissued at a discount?

(b) What is Bonus Shares? How can it be issue? What journal entries are made in this connection?

Q-3 **Attempt all questions** **(14)**

(a) XYZ Co. Ltd. Issued on 1st January 2014, 10,000 shares of Rs. 100 each, payable Rs. 20 on application, Rs. 30 on allotment and Rs. 50 on first and final call. Allotment was made on 1st February 2014 and first and final call on 1st May 2014. Applications were received for 12,000 shares. Directors made allotment in full to the applicants demanding more that 10 shares and returned money to the applicants for 2,000 shares. Ramesh, who was allotted 100 shares, paid first and final call money with the allotment money. Mohan, who was allotted 40 shares, did not pay allotment money on his shares, but he paid it with the first and final call. According to Articles of Association interest is payable @ 6 % p.a. on calls in advance and 5 % p.a. on calls in arrears. Pass necessary journal entries in the books of the company.

(b) What do you understand by Trend Analysis? How trend analysis helps in management? Explain in brief with hypothetical example.

Q-4 **Attempt all questions** **(14)**

(a) On the basis of following informations, calculate the following ratios:

(i) Net Profit Ratio

(ii) Debt Equity Ratio
(iii) Quick Ratio

Informations:

Particulars	Amount (in Rs.)
Paid up Capital	20,00,000
Capital Reserve	2,00,000
9 % Debentures	8,00,000
Net Sales	14,00,000
Gross Profit	8,00,000
Indirect Expenses	2,00,000
Current Assets	4,00,000
Current Liabilities	3,00,000
Opening Stock	50,000
Closing Stock is 20 % more than Opening Stock.	

(b) What do you mean by provisions? Give differences between provisions and reserves.

Q-5 **Attempt all questions** **(14)**

(a) What do you mean by Ratio Analysis? Discuss the advantages and limitations of Ratio Analysis.

(b) Discuss the various provisions of Indian Companies Act for preparation of final accounts.

Q-6 **Attempt all questions** **(14)**

(a) From the following Income Statement of Malhotra Trading Company for the year ending 31st March, 2013 and 2014, you are required to prepare a Comparative Income Statement and give your comments:

Income Statement
For the year ended 2013 and 2014

Particulars	31.03.2013 Rs.	31.03.2014 Rs.
Revenue From Operations	6,00,000	7,20,000
Add: Dividend Received	30.000	90,000
Total Revenue	6,30,000	8,10,000
Less: Cost of Goods Sold	4,20,000	5,60,000
Administration Expenses	50,000	66,000
Selling and Dist. Expenses	25,000	23,000
Interest on Debentures	12,000	12,000
Loss on Sale of Plant	6,000	4,000
Provision for Taxation	40,000	48,000
Net Profit	77,000	97,000

(b) How is the net profit ascertained for the purpose of calculating managerial remuneration? What are the maximum rates of remuneration allowable under the provisions of Indian Companies Act to Directors, Managing Director and Managers?

Q-7 **Attempt all questions** **(14)**

(a) Mohan Co. Ltd. Issued 10,000 shares of Rs. 50 each at 10 % discount, payable Rs. 10 on application, Rs. 20 on allotment, Rs. 15 on first call and Rs. 5 on first and final call. Applications were received for all the shares. All moneys were received except final call on 1,000 shares. Directors forfeited these 1,000 shares. Out of the forfeited shares, 600 shares were reissued at Rs. 40 per share and 400 shares were reissued at Rs. 45 per share. Pass necessary journal entries.

(b) Explain the provisions of the Indian Companies Act, 1956 regarding redemption of preference shares.

Q-8 **Attempt all questions** **(14)**

(a) Amit Co. Ltd. Wishes to redeem its preference shares amounting to Rs. 2,00,000 at a premium of 5 % and for this purpose issues 10,000 Equity shares of Rs. 10 each at a premium of 5 %. The company has a balance of Rs. 2, 00,000 on General Reserve and Rs. 1, 00,000 on Profit and Loss Account. Give necessary journal entries to record these transactions.

(b) What do you mean by financial statement? Explain the objectives and limitations of financial statement.