647510 **BBA4acaE0210** **Seat No: ___________**

B.B.A. Semester - 4 (CBCS) Examination
March/April- 2019
ADVANCE CORPORATE ACCOUNTING

Time: 2:30 Hours **Marks: 70**

Instructions:
1. All questions are compulsory.
2. Figures to the right indicate marks.

Que-1 Profit and Loss Account of Kalpesh Ltd. For the year ended 31-03-2018 is as under. Calculate Remuneration When. (14)

(1) There is one Managing Director.
(2) There is one Managing Director and one Whole time Director.
(3) There is on Managing Director, One Whole tie Director and One Manager.

Profit & Loss A/c.

Debit	Amount	Credit	Amount
Salaries to staff	125000	Gross Profit	875000
Office expenses	50000	Profit on Sale of Building	50000
Repair to P and M	10000	Grant from government	38000
Director's fees	12500		
Bad Debts	5000		
Depreciation	25000		
Donation to charitable trust	15000		
Managing director's salary	37500		
Interest on bank loan	18000		
Income tax	40000		
Net profit	625000		
	963000		**963000**

Other information:
1. The cost of building sold was Rs.1,25,000 on which the depreciation written off was Rs.35,000.
2. The managing director is paid salary Rs.3,125 p.m.
3. Depreciation chargeable as per Companies Act provision comes to Rs.20,000.

OR

Que-1 Profit and Loss Account of Prisha Ltd. for the year ended 31-03-2018 is as under. You are required to compute:

(1) Overall managerial Remuneration as per Companies Act.
(2) Maximum remuneration payable to Part time Director (When there is no Managing Director)
(3) Maximum remuneration payable to Part time Director (When there is Managing Director)

Profit & Loss A/c.

Debit	Amount	Credit	Amount
Establishment Expenses	400000	Gross profit	1657500
General Expenses	250000	Profit on sale of Plant	25000
Director's fees	40000	Government subsidy	30000
Depreciation	37500		
Managing Director's Salary	60000		
Interest on Bank Loan	50000		
Income Tax	75000		
Net Proft	800000		
	1712500		**1712500**

Other information:

1. The depreciation charged on Plant sold was Rs.15,000.
2. The managing director is paid salary Rs.5,000.
3. Depreciation chargeable as per company act is Rs.30,000.

Que-2 Honda Ltd. was established with authorized equity share capital of 2,00,000 equity shares of Rs.10 each. Company issued 80% shares to public. The issue was underwritten as under. (14)

A 15%	B 25	C 60%

Firm underwriting was for total 40,000 equity shares, which was shared as under.

A 20%	B 50%	C 30%

Company receives applications for 1,00,000 equity shares which include marked application except Firm Underwriting. Marked Applications were as under:

A 8,000 shares.
B 16,000 shares.
C 20,000 shares.

Prepare statement showing net Liability of underwriters.

(1) When benefit of firm underwriting is given.
(2) When benefit of firm underwriting is given.
(3) Calculation of commission.

OR

Que-2 Maruti Limited issued 5,00,000 equity shares of Rs.10 each. Whole issue is underwritten as under.

P-40%	Q-30%	R-20%	S-10%

Firm underwriting are as under:

P-20,000 Shares	Q-5,000 Shares	R-10,000 Shares	S-5,000 Shares

Total applications received by the company including firm underwriting was of 4,50,000 shares.

Marked applications excluding firm underwriting were as under.

P-1,50,000 Shares Q-10,000 Shares R-40,000 Shares S-50,000 Shares. Rate of underwriting commission is 5% on issue of shares. You have to find out.

(a) Net liability of underwriters, when credit of firm application is given.
(b) Calculation of commission payable to each of them.
(c) Settlement Journal entries.

Que-3 The information given below is taken from financial records of two companies. (14)

Particulars	Ram Ltd.	Laxman Ltd.
Credit sales (400% of cash sales)	1024000	1024000
Cost of goods sold (Credit Purchase is 75% of COGS)	896000	832000
Net Profit (After 40% Income Tax)	76800	192000
Equity Share Capital (each of Rs.100)	300000	400000
Reserve Funds	200000	250000
10% Debentures	116000	160000
Creditors	100000	150000
Bank Overdraft	76000	130000
Fixed Assets	424000	710000
Stock	120000	80000
Debtors	173600	242880
Cash	78400	67120
Preliminary Expenses	16000	10000
Bills Payable	20000	20000

From above information calculate the following Ratio for both the company and interpret it.

(1) Gross Profit.
(2) Net Profit.
(3) Current Ratio.
(4) Liquid Ratio.
(5) Debtors Ratio.
(6) Creditors Ratio.
(7) Rate of Return on Capital Employed.
(8) Rate of Return on Equity Share Capital.
(9) EPS.
(10) Stock Turn Over Ratio.

OR

Que-3 (A) What is Financial Statement? Explain Methods of Analysis of Financial Statement in detail. (07)

Que-3 (B) Following data are taken from the Final Accounts of SUNSHINE Ltd. as on 31/03/2018. Calculate Following Ratios. (07)

Sales (40% on credit)	15,00,000
Cost on sale	8,00,000
Other Exp.	3,00,000
Debtors (1/4/2017 = 1,25,000)	1,50,000
Stock (1/4/2017 = 2,00,000)	3,00,000
Creditors	2,60,000
Cash	1,00,000
Share capital	7,00,000

(1) Gross Profit Ratio.
(2) Net Profit Ratio.
(3) Current Ratio.
(4) Debtors Ratio.
(5) Stock Turnover Ratio.

Que-4 The following information is given of SHIV Ltd. There is a proposal of SHANKAR Ltd. to purchase this business. From the following information, calculate Goodwill of SHIV Ltd. by purchasing super profit for two years: (14)

Particulars	Amount
10,000 Equity shares of Rs.100 each	10,00,000
3,000 10% Preference shares of Rs.100 each	3,00,000
Reserves	1,00,000
Current Liabilities	1,00,000
Provision for Taxation	50,000
Depreciation Fund on Fixed Assets	50,000

Other Information:

1. Fixed Assets are 70% of Total Assets.
2. Current Assets are 20% of Total Assets.
3. Investments are 5% of Total Assets, (In which 50% is Trading Investment and 50% is Non-Trading Investment)
4. Interest rate of Non-Trading Investment is 10%.
5. Market value of Fixed assets is 10% more than its book value while current assets is valued more by Rs.10,000 than its book value.
6. Two Directors of Shiv Ltd. will be appointed in the Board of Directors of Shankar Ltd. Both the directors will receive annual Remuneration of Rs.50,000 each.
7. Total Profit of last 4 years (Before Tax @ 50%) was Rs.28,40,000.
8. Expected Rate of Return is 10%.

OR

Que-4 Following is the balance sheet of Jio Ltd. as on 31/03/2018.

Liabilities	Amount	Assets	Amount
Equity share capital of Rs.100 each	5,00,000	Land & Building	4,00,000
General reserve	2,50,000	Plan & Machinery	3,50,000
15% Debenture	1,50,000	Debtors	1,50,000
Creditors	2,25,000	Stock	1,25,000
Provision for taxation	75,000	Cash/bank	1,50,000
		Preliminary Exp.	25,000
	12,00,000		**12,00,000**

Other Information:

(1) Profit of the company during last three years were Rs.2,00,000, Rs.2,50,000 and Rs.3,00,000 respectively.
(2) Goodwill of the Company is Rs.3,65,000.
(3) Expected Rate of Return is 20%.

Calculate:

(1) Intrinsic value of share.
(2) Market value of share.
(3) Fair value of share.

Que-5 Write Short Note on. (Any Two) (14)

(1) Economic Value Added.
(2) Weighted Average Cost of Capital.
(3) EVA & EPS.

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