647510 **BBA4AdvE408x** **Seat No :________**

B.B.A. Semester - 4 (*CBCS*) Examination
April/May -2022 [NEW COURSE]
Advanced Corporate Accounting (Elective)

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

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

Q.1 The manager of Shah Company Ltd. is entitled to get a monthly salary of Rs. 2500 and a commission of 1% on net profit. Salary and commission are to be calculated on net profit before providing his salary and commission. P & L A/c for the year ended 31-03-2018 is as follows: (14)

Profit and loss A/c

Dr. Cr.

Particulars	Amount (Rs.)	Particulars	Amount (Rs.)
Salary & bonus	1,92,500	Gross profit	9,00,000
General expenses	74,000	Govt. subsidy	60,000
Depreciation	82,000	Sale of fixed assets (cost price Rs. 2,50,000 & written down value Rs. 1,80,000)	1,00,000
Research expenses (purchased investment)	14,000		
Manager's salary	30,000		
Manager's commission paid in advance	6,000		
Bad debt reserve	17,500		
Provision for tax	2,40,000		
Dividend declared	1,00,000		
Balance b/d	3,04,000		
	10,60,000		**10,60,000**

Allowable depreciation as per act is Rs. 81,000.

Calculate the maximum remuneration which can be paid according to section 387 of company act. Calculate the difference between manager's salary and amount of commission paid in advance.

OR

Q.1 What is managerial remuneration? State the provisions of companies act related to managerial remuneration for managing directors and directors.

Q.2 Bhakti Ltd. Incorporated on 1st January, 2018 issued a prospectus inviting applications for 5,00,000 equity shares of Rs. 10 each at a premium of 10%. The whole issue was fully underwritten by Kapoor, Bhora, Dalal and Mehta as follows: (14)

Kapoor	2,00,000 shares	Bhora	1,50,000 shares
Dalala	1,00,000 shares	Mehta	50,000 shares

Applications were received for 4,50,000 shares of which marked applications were as follows:

Kapoor	2,20,000 shares	Bhora	90,000 shares
Dalala	1,10,000 shares	Mehta	10,000 shares

It is agreed that underwriters to be paid commission at 5% on the issue price.

You are required to find out the liabilities of individual underwriters by giving credits to unmarked applications in the ratio of gross liability. Also pass the necessary journal entries including for cash transactions.

OR

Q.2 Nayana Limited invited applications from public for 1, 00,000 equity shares of Rs. 10 each at a premium of Rs. 5 per share. The entire issue of underwritten by the underwriters A, B, C and D to the extent of 30%, 30%, 20% and 20% respectively with the provision of firm underwriting of 3,000, 2,000, 1,000 and 1,000 shares respectively. The underwriters were entitled to get 5% commission.

The company received applications for 70,000 shares from public out of which applications for 19,000, 10,000, 21,000 and 8,000 shares were marked in favour of A, B, C and D respectively.

Calculate the liability of each one of the underwriters. Also pass the journal entries.

Q.3 From the following information prepare a comparative balance sheet. (14)

Particulars	31st March 2009 (Rs.)	31st March 2010 (Rs.)
Equirt share capital	4,00,000	6,00,000
Debentures	2,00,000	3,25,000
Sundry creditors	2,55,000	1,17,000
Bank overdraft	7,000	10,000
Total liabilities	**8,62,000**	**10,52,000**
Plant and machinery	1,00,000	2,00,000
Land and building	3,60,000	5,40,000
Investment	2,70,000	1,70,000
Sundry debtors	1,00,000	88,000
Cash in hand	32,000	54,000
Total assets	**8,62,000**	**10,52,000**

Show all calculations as a part of your answer and also comment.

OR

Q.3 A company supplies the following information.

Liabilities	Rs.	Assets	Rs.
Share capital	2,00,000	Goodwill	1,20,000
Reserves and surplus	58,000	Plant and machinery	1,50,000
Debentures	1,00,000	Stock	80,000
Creditors	40,000	Debtors	45,000
Bills payable	20,000	Cash	17,000
Other current liabilities	2,000	Misc. current assets	8,000
	4,20,000		**4,20,000**

Sales (credit) for the year = Rs. 4,00,000.

Gross profit = Rs. 1,60,000.

Calculate:

(1) Current ratio (2) Quick ratio (3) Inventory turnover
(4) Average collection period (5) Proprietor's funds to liabilities

Q.4 **Balance sheet as on 31-03-2018** (14)

Liabilities	Amount (Rs.)	Assets	Amount (Rs.)
10% preference share Capital	6,00,000	Goodwill	1,50,000
		Fixed assets	18,75,000
Equity shares of Rs. 10 each, fully paid up	15,00,000	Investments	3,00,000
		Current assets	18,00,000
Reserve and surplus	9,00,000	Preliminary exp.	75,000
Current liabilities	12,00,000		
	42,00,000		**42,00,000**

Additional information is as under :

(1) The rate of normal expected return in this type of business is considered 15%

(2) The average profit of the company after 50% tax for the last three years amount Rs. 6,45,000

(3) At present fixed assets are worth 20% above their book value.

(4) Of the investment, 60% is non-trading and the balance is trading. All trade investments are to be valued at 25% above their book value. A uniform rate of dividend is earned at 15% p.a. on both the types of investments which is taxable.

From the above particulars ascertain the value of good will of the business for 4 years purchase of its super profit.

OR

Q.4 Following particulars have been taken from the balance sheet of Jayaraj Ltd. As on 31-03-2018.

50,000 A equity shares of Rs. 10 each fully paid …………………………. 5,00,000
40,000 B equity shares of Rs. 10 each on which Rs. 7 per share paid …….. 2,80,000
25,000 C equity shares of Rs. 10 each on which Rs. 5 per share paid …….. 1,25,000
Reserves and surplus ……………………………………………………. 6,00,000
Current liabilities ………………………………………………………... 2,00,000
Preliminary expenses ……………………………………………………. 1,00,000

It has been found that the market value of fixed assets have been increased by Rs. 4,50,000.

You are required to compute intrinsic value of each type of equity shares.

Q.5 Write short notes. (attempt any two) (14)

(1) Steps in implementing EVA.
(2) EVA and Earning per share.
(3) EVA statement.
(4) EVA and Discounted cash fllow.

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