647510 **BBA4acaE0210** **Seat No :________**

B.B.A. Semester - 4 (*CBCS*) Examination
March/April-2024 [OLD COURSE]
ADVANCE CORPORATE ACCOUNTING(ELECTIVE-2)

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 Mehta Ltd. For The Year Ended 31-03-2022 Is As Under. Calculate managerial remuneration. (14)

Profit & Loss A/C

Particulars	Amount	Particulars	Amount
Salary to Staff	1,95,000	Gross Profit	7,20,000
General Expenses	9,750	Profit on Sale of Building	75,000
Bad Debts	1,500	Government Subsidy	15,000
Depreciation	90,000		
Bad Debt Reserve	3,000		
Selling Exp.	19,500		
Repairs	22,500		
Provision For Tax	75,000		
Proposed Dividend	15,000		
Balance C/D	3,78,750		
	8,10,000		8,10,000

Other Information.

(1) Staff Salary Includes Rs. 15,000 for Ex-Gratia Paid.
(2) Repair Includes Capital Expenses Of Rs. 15,000
(3) Profit On Sale Of Building Includes Revenue Profit Of Rs. 37,500 And Capital Profit Of Rs. 37,500.

OR

Que.1 Profit and Loss Account of Krishna Ltd. for the year ended 31-03-2022 is as under.

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 Profit	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

You are required to calculate overall managerial remuneration as per company act.

Que.2 Raja Limited issued 5,00,000 equity shares of Rs. 10 each. Whole issue is underwritten as under. (14)

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

Applications for 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

OR

Que.2 Sun Ltd. Issued 60,000 Shares Which Were Underwritten As Follows.

X= 30,000 Y=20,000 Z=10,000 Shares

The Underwriters Made Applications For firm Underwriting As Follows:

X= 5,000 Y = 3,000 Z = 3,000 Shares

Total Subscription Of 40,000 Shares Excluding Firm Underwriting But Including Market Applications For 30,000 Shares Marked Application Received Were As Under:

X= 12,000 Y= 10,000 Z= 8,000 Shares

Determine the Liabilities of Individual Underwriters

(A) Credit for Firm Underwriting Is Not Given To Underwriters
(B) Credit For Firm Underwriting Is Given To Underwriters.

Que.3 The Information Given Below Is Taken From Financial Records Of Two Companies. (14)

Particulars	X Co. Ltd.	Y Co. Ltd.
Total Sales (Out Of Which 20% Are Cash Sales)	1,60,000	1,60,000
Cost Of Goods Sold	1,12,000	1,04,000
Net Profit (After 50% Income Tax)	8,000	12,800
Equity Share Capital	50,000	40,000
Retained Earnings	12,400	33,100
15% Debenture	40,000	33,250
Creditors	17,500	25,000
B.O.P.	4,500	10,000
Fixed Assets	80,000	77,500
Stock	16,000	40,000
Debtors	20,000	18,000
Cash	8,000	5,000
Preliminary Expense	400	600

From Above Information Calculate the Following Ratio for Both the Company and Interpret It

(1) Current Ratio
(2) Operating Ratio
(3) Debtors Ratio (360days)
(4) Rate Of Return On Total Capital Employed
(5) Rate of Return on Shareholder's Fund

OR

Que.3 (A) Following data are taken from the Final Accounts of SUNSHINE ltd. as on 31/03/2022. Calculate following ratio (07)

Sales (40% on credit)	15,00,000
Cost on sale	8,00,000
Other Exp	3,00,000
Debtors (1/04/2021 = 1,25,000)	1,50,000
Stock (1/04/2021 = 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

(B) From the following information prepare comparative profit and loss account of Ganesh ltd. (07)

Profit and loss Account

Particulars	31-3-2021	31-3-2022	Particulars	31-3-2021	31-3-2022
Cost of sale	4,50,000	4,75,000	Sales	7,62,500	8,50,000
Administrative Expense	46,625	47,990	Dividend and interest income	3,750	3,100
Selling exp.	95,000	1,04,500	Profit on sale of land	3,000	4,000
Sundry exp.	4,000	3,500			
Loss on sale of machinery	1,250	400			
Income tax	42,500	84,000			
Net profit	1,29,875	1,41,710			
	7,69,250	8,57,100		7,69,250	8,57,100

Que.4 Following Is The Balance Sheet Of Jill Ltd. As On 31/03/2022 (14)

Liabilities	Amount	Assets	Amount
Equity Share Capital Of Rs. 100 Each	4,00,000	Fixed Assets	4,80,000
General Reserve	50,000	Current Assets	60,000
6% Preference Share Capital	1,00,000	Fictitious Assets	60,000
Provident Fund	4,000		
Other Liabilities	46,000		
	6,00,000		6,00,000

Other Information:

(1) The Market Value Of Fixed Assets Was 20% More Than Its Book Value While The Current Assets Were Over Valued By Rs.6, 000.
(2) Total Profit For Last Four Years (Before 50% Income Tax Provision) 6,00,000
(3) The Expected Rate Of Return On Capital Employed In This Type Of Businesses Considered To Be 10%

You Are Asked to Value the Goodwill by Four Year's Purchase of Super Profit.

OR

Que.4 Balance Sheet Of Parekh Ltd. Revealed The Following Information.

Plant & Machinery	10,00,000
Land & Building	7,00,000
Equity Share Of Rs. 10	12,00,000
10% Debenture	4,00,000
Reserve and Surplus	6,00,000
Profit After Tax	3,00,000
Current Liabilities	3,00,000
Furniture	2,00,000
Preliminary expense	10,000
Current assets	5,00,000

- It has Been Found That the Market Value of Plant and Machinery Have Been Increased to Rs. 15,00,000 And That Of land and building To Rs. 9,00,000.
- Other Companies Engaged In Same Business Pays 15% Dividend On Equity Shares.

You Are Required To Compute Fair Value Of Equity Shares.

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

(1) EVA and Earning per share
(2) EVA and discounted cash flow
(3) Computation of EVA

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