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

B.B.A. Semester - 4 (CBCS) Examination

March/April- 2018

ADVANCE CORPORATE ACCOUNTING

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

Instructions:

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

Q.-1 The followings is the Balance Sheet of Ashutosh Ltd. as on 31-3-18 : **(14)**

Liabilities	Rs.	Assets	Rs.
10 % Cum Pref.		Goodwill	1,00,000
Share Capital	3,00,000	Building (at cost)	7,00,000
Equity Share Capital	7,00,000	Machinery (at cost)	8,00,000
General Reserve	5,00,000	10 % Taxable Investments	
15 % Debentures	4,00,000	(Face value as Rs. 1,00,000)	1,20,000
Creditors	1,50,000	Shares in Subsidiary Co.	1,00,000
Bills Payable	50,000	Stock	2,80,000
Outstanding expenses	10,000	Debtors 2,00,000	
Provision for taxation	2,00,000	Less : B.D.R. 10,000	1,90,000
Workmen's Compensation		Cash and Bank Balance	80,000
Fund	20,000	Prepaid expenses	30,000
Workmen's Profit		Advertisement	
sharing Fund	70,000	Suspense A/c	1,50,000
Depreciation Fund :			
Building 50,000			
Machinery 1,00,000	1,50,000		
	25,50,000		25,50,000

Additional information :

(1) The present market value of the building is Rs. 9,00,000 while the remaining assets are to be taken at their book values.

(2) The expected rate of return on capital employed in the class of the business, done by Ashutosh Ltd. is 10 %.

(3) Income-tax assessment up to the last year is completed and there remains no liability for that. The provision for taxation, equal to 50 % of profit, is created for this year.

(4) The profit of the company before tax for last three years is increasing every year by Rs. 90,000.Value of the goodwill is to be calculated at 3 years purchase price of the weighted average super profit of last at 3 years.

OR

Q.-1 The following is the Balance Sheet of Priyansh Ltd. as on 31-3-'18. (14)

Calculate the value of Goodwill on the basis of five years' purchase of the super profits, find out fair value of share.

Liabilities	Rs.	Assets	Rs.
2,00,000 Equity Shares of Rs. 1	2,00,000	Goodwill	60,000
10,000 10 % Preference Shares of Rs. 10	1,00,000	Machinery (at cost)	1,00,000
General Reserve	60,000	Land and Building (at cost)	1,00,000
9 % Debentures	60,000	12 % Debentures Fund Investments	40,000
Depreciation Fund :		8 % Other Investments	50,000
Land-Building	10,000	Debtors	1,20,000
Machinery	10,000	Stock	60,000
Debenture Redemption Fund	40,000	Cash	8,000
Creditors	40,000		
Provident Fund	18,000		
	5,38,000		5,38,000

Other Information :

(1) The market value of machinery is Rs. 1,20,000.

(2) Average profit of company is Rs. 1,20,000 (Assume 50 % tax)

(3) Expected Rate of Return is 10 %.

Q-2. The following is the summarised Balance sheet of Ashtha Ltd. as on 31-3-18. (14)

Liabilities	Rs.	Assets	Rs.
Equity Shares Capital	2,50,000	Fixed Assets	4,80,000
10 % Preference Shares Capital	1,00,000	Stock	1,12,500
Reserve	1,12,500	Debtors	87,500
12 % Debentures	1,50,000	Bills Receivable	25,000
Bank Overdraft	25,000	Cash and bank balance	45,000
Creditors	95,000	Preliminary Expenses	12,500
Bills Payable	30,000		
	7,62,500		7,62,500

Additional Information :

		Rs.
(1)	Total sales (cash sales are 1/5 of credit sales)	9,00,000
(2)	Cost of goods sold	5,40,000
(3)	Net Profit (Before Interest and tax – tax rate is 50%)	2,43,000
(4)	Stock on 1-4-95	1,03,500

From the above information, calculate the following accounting ratios for the years and make brief comment on each of them. (In bracket standard ratios are shown. (300 days to be taken for the year).

(1) Current Ratio (2)

(2) Debtors' Ratio (45 days)

(3) Net Profit Ratio (11%)

(4) Capital Gearing Ratio (0.75)

(5) Return on Shareholders' Funds (20%).

OR

Qes-2 From the following information, you are required to prepare a Balance Sheet of Sun Flower Ltd. : (14)

Current Ratio	1.75
Liquid Ratio	1.25
Cost of Sales/Stock	9
Gross Profit Ratio	25%
Debt Collection Period	1 ½ months
Reserves and Surplus to Capital	0.2
Sales to Fixed Assets	1.6
Capital Gearing Ratio	0.6
Fixed Assets to Net worth	1.25
Sales for the year (Rs.)	12,00,000
Bank Overdraft	Nil
Turnover to Fixed Assets (Cost of Sales)	1.2

Q-3. The Profit & Loss statement of Suraj Ltd. for the year ended 31-3-'18 is as follows : (14)

Particulars	Amt.	Amt.
Gross Profit		20,00,000
Add : Other Income :		
(i) Profit on sale of building : (original value Rs. 6,00,000, Total depreciation Rs. 2,00,000, sale proceeds Rs. 7,20,000)		3,20,000
(ii) Dividend (Income-tax deduced at sources of 36,000)		1,20,000
(iii) Share Premium received		1,60,000
		26,00,000
Less : Salary – Bonus	8,00,000	
Administrative – distribution exp.	2,00,000	
Debenture Interest	65,000	
Donation to approved charitable trust	20,000	
Loss on sale of Investment	40,000	
Depreciation	2,40,000	
Directors fees	20,000	
Repairs & Research	10,00,000	
Loss on sale of furniture (written down value Rs. 60,000)	45,000	
Bad debts Reserve	60,000	
Scientific Research Exp. (Instruments purchased)	80,000	
Provision for Income-tax	4,00,000	
Expenses on Issue of Debentures written off	30,000	21,00,000
Net Profit		**5,00,000**

Other Information :

(1) Bad debts reserves includes the bad debts of Rs. 20,000 written off.

(2) Surcharge of Rs. 30,000 is included in provision for tax.

(3) Bonus & Salary includes the balance of last year for Rs. 50,000 and ex-gratia paid to one worker is Rs.40,000 also included.
(4) Allowable depreciation as per Sec. 350 is Rs. 2,00,000.
(5) Repairs and renewals includes Rs. 40,000 for construction of building.

Calculate the commission @ 5 %, on Net Profit after calculating his (M.D.)commission.

OR

Q.-3 Write short note on Common size statement and comparative statement Analyses (14)

Q.-4The Mansi Ltd. issued equity shares for public on 1-1-2018, the information is given below. (14)

(1) 25,000 equity shares of Rs. 10 each.
(2) Issued share capital 18,000 equity shares of Rs. 10 each at 10 % premium.
(3) The shares were underwritten as follows :

Raj	9,000 shares
Rajan	6,000 shares
Sajan	3,000 shares

(4) Underwriters have applied for firm underwriting

Raj	1,500 shares
Rajan	900 shares
Sajan	900 shares

(5) The company received applications for 12,000 shares (except firm underwriting), which includes 9,000 marked applications by underwriters as follows :

Raj	3,600 shares
Rajan	3,000 shares
Sajan	2,400 shares

From the above information, prepare statement showing the underwriter total liability.

OR

Q.-4 Laher Company Ltd. issued 10,00,000 Equity shares of Rs. 10 each. The whole issue was fully underwritten by Ravan, Kansh, Shakunee and Laden as follows : (14)

Ravan 40 % shares, Kansh 30 % shares, Shakunee 20 % shares and Laden 10 % shares.

Application for the firm underwriting are as under.

Ravan 40,000 shares, Kansh 10,000 shares, Shakunee 20,000 shares, Laden 10,000 shares.

Total subscription including firm underwriting was of 9,00,000 shares. Marked applications excluding firm underwriting were as under :

Ravan 3,00,000 shares, Shakunee 20,000 shares, Kansh 80,000 shares, Laden 1,00,000 shares.

The underwriting contracts provide that underwriters be given credit for "FIRM" applications and that credit for unmarked applications be given in proportion to the shares underwritten.

The rate of underwriting commission at 5 % on face value.

Calculate:

(i) To Find out the liabilities of individual underwriters.
(ii) To give necessary journal entries including for cash transactions.

Q.-5 Write Short notes (Any Two) (14)

(1) Economic Value Added
(2) Gross Value added
(3) Net Value Added
(4) Market Value Added

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