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

## B.B.A. Semester - 4 (*CBCS*) Examination
## April/May -2022 [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.

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Q.1 Following is the balance sheet of Jio Ltd. As on 331/03/2019. (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 overvalued 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 good will by four year's purchase of super profit.**

OR

Q.1 Balance sheet of Aamir 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 P & M 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.**

Q.2 The information given below is taken from financial records of two companies. (14)

| Particulars | A Co. Ltd. | B Co. Ltd. |
|---|---|---|
| Total sales (out of which 20% are cash sales) | 3,20,000 | 3,20,000 |
| Cost of goods sold | 2,24,000 | 2,08,000 |
| Net profit (after 50% income tax) | 16,000 | 25,600 |
| Equity share capital | 1,00,000 | 80,000 |
| Retained earnings | 24,800 | 66,200 |
| 15% debenture | 80,000 | 66,500 |
| Creditors | 35,000 | 50,000 |
| B.O.P | 9,000 | 20,000 |
| Fixed assets | 1,60,000 | 1,55,000 |
| Stock | 32,000 | 80,000 |
| Debtors | 40,000 | 36,000 |
| Cash | 16,000 | 10,000 |
| Preliminary expense | 800 | 1,200 |

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

(1) Current ratio.
(2) Operating ratio.
(3) Rate of return on shareholder's fund.
(4) Debtors' ratio.
(5) Rate of return on total capital employed.

OR

Q.2(A) Write notes on trend percentages and common size statements. (07)

Q.2(B) Following data are taken from the final accounts of Sunrise Ltd. As on 31/03/2019. (07)

| | |
|---|---|
| Sales (40% on credit) | 7,50,000 |
| Cost on sale | 4,00,000 |
| Other Exp | 1,50,000 |
| Debtors (01/04/2018 = 62,500) | 75,000 |
| Stock (01/04/2018 = 1,00,000) | 1,50,000 |
| Creditors | 1,30,000 |
| Cash | 50,000 |
| Share capital | 3,50,000 |

**Calculate following ratio.**

(1) Gross profit ratio (2) Net profit ratio (3) Current ratio
(4) Debtors Ratio (5) Stock turnover Ratio

Q.3 Star Ltd. Issued 60,000 shares which were underwritten as follows: (14)

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

The underwriters made applications for him 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.

OR

Q.3 Suzuki Limited issued 10,00,000 equity shares of Rs. 10 each at 20% premium. Whole issue is underwritten as under.

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

Total applications received by the company including firm underwriting was of 8,00,000 shares.

Marked applications were as under:

P-1,80,000 shares    Q-1,50,000 shares    R-1,00,000 shares    S-1,20,000 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.

Q.4 Consider that company has not appointed any full time director and calculate maximum remuneration for part time director. Calculate the total managerial remuneration. (14)

**Profit and loss A/c for the year 31-03-2019**

| Particulars | Amount | Particulars | Amount |
|---|---|---|---|
| Administrative exp. | 2,00,000 | Gross profit | 15,60,000 |
| Salary and bonus | 2,50,000 | Dividend (less I.T. Rs. 23,000) | 79,200 |
| Depreciation | 1,00,000 | Subsidy | 20,800 |
| Donation | 20,000 | Profit on sale of machinery | 70,000 |
| Loss on sale of furniture | 5,000 | | |
| Loss on sale of investment | 20,000 | | |
| Debenture interest | 25,000 | | |
| Remuneration to debenture trustees | 15,000 | | |
| Scientific research exp. | 50,000 | | |
| Exp. Written off on issue of debenture | 10,000 | | |
| Bad debt reserve | 35,000 | | |
| Provision for tax | 3,00,000 | | |
| Net profit | 7,00,000 | | |
| | **17,30,000** | | **17,30,000** |

(1) The original value of machinery sold Rs. 1,20,000 and written down value is Rs. 70,000.
(2) Rs. 30,000 for development rebate is included in depreciation.
(3) Written down value of furniture is Rs. 7,000.
(4) Rs. 50,000 is allowable for depreciation according to section 123.
(5) Rs.15,000 for bad debt is written off from bad debt reserve during the year.
(6) Service tax of Rs. 50,000 is included in provision for tax.
(7) Rs. 5,000 bonus for the service of last year and ex-gratia paid Rs. 8,000 are included in salary & bonus.
(8) Rs. 10,000 for staff bonus for current year is not included in above account.

OR

Q.4 Profit and loss account of Prishma Ltd. For the year ended 31-03-2018 is as under. **You are required to compute:**

(1) Overall managerial remuneration as per company 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** |
|---|---|---|---|
| Salary to staff | 3,90,000 | Gross profit | 14,40,000 |
| General expenses | 19,500 | Profit on sale of building | 1,50,000 |
| Bad debts | 3,000 | Government subsidy | 30000 |
| Depreciation | 1,80,000 | | |
| Bad debt reserve | 6,000 | | |
| Selling exp. | 39,000 | | |
| Repairs | 45,000 | | |
| Provision for tax | 1,50,000 | | |
| Proposed dividend | 30,000 | | |
| Balance c/d | 7,57,500 | | |
| | **16,20,000** | | **16,20,000** |

**Other information:**

(1) Staff salary includes Rs.30,000 for ex-gratia paid.

(2) Repair includes capital expenses of Rs. 30,000.

(3) Profit on sale of building includes revenue profit of Rs. 75,000 and capital profit of Rs. 75,000.

Q.5(A) What is economic value added EVA (07)

Q.5(B) What is adjusted net operating profit after tax? (07)

OR

Q.5 Write brief notes on cost of capital and steps of implementing EVA. (14)

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