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

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

March/April-2023 [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 Following is the P & L A/c of Shah Ltd.: **(14)**

Profit and Loss A/c

Dr. **Cr.**

Particulars	**Amount (Rs.)**	**Particulars**	**Amount (Rs.)**
Salary & Bonus	3,00,000	Gross profit	7,00,000
Repairing Expenses	25,000	Profit on sale of building	
Donation to five-star university	10,000	(Cost price Rs. 4,20,000,	50,000
Depreciation	1,00,000	written down value Rs.	
Compensation to injured employee	10,000	4,00,000)	
Interest on debenture	25,000	Dividend (after	
Debentures trustees' remuneration	8,000	deducting income-tax	
Compensation for breach of		Rs. 11,000 at source)	39,000
contract	2,000	Profit on sale of	
Loss on sale of vehicles (written		investment	6,000
down value Rs. 12,000)	7,000	Subsidy from state govt.	25,000
Bad debt reserves	30,000		
Provision for tax	1,00,000		
Net profit	2,03,000		
	8,20,000		**8,20,000**

Other Information:

1. Repair charges include Rs. 15,000 repairs of capital nature.
2. Salaries & wages include bonus of Rs. 25,000 paid to staff for the previous year and an ex-gratia payment of Rs. 10,000 to an employee.
3. The estimated liability for staff bonus for the current year Rs. 30,000 has not been recorded in the books of accounts.
4. Depreciation includes Rs. 12,000 for initial depreciation, Rs, 10,000 for extra shift and Rs. 15,000 for development rebate reserve.
5. Provision for taxation includes Rs. 8,000 for sur-tax.
6. Bad debt written of against bad debt reserve was Rs. 6,000.

Calculate the profit for managerial remuneration. Also calculate the maximum remuneration payable to directors under the following circumstances:

1. When assisted by a managing director or manager or whole-time director.
2. When not assisted by managing director or whole-time director.

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. made a public issue of 1,25,000 equity shares of Rs. 100 each. Rs. 50 is payable on application. The entire issue is underwritten by four parties – A, B, C and D – in the proportion of 30%, 25%, 25% and 20% respectively. Under the terms agreed upon, a commission of 2% was payable on the amounts underwritten. **(14)**

A, B, C and D had also agreed on 'firm' underwriting of 4,000, 6,000, Nil and 15,000 shares respectively.

The total subscriptions, excluding firm underwriting, including marked applications were 90,000 shares.

Marked applications were received were as under:

A: 24,000 B: 20,000 C: 12,000 D: 24,000

Ascertain the liability of the individual underwriters and also show the journal entries the you would make in the books of the company. All workings should form part of your answers.

OR

Q.2 Differentiate Underwriters from Brokers. Also discuss the underwriting agreement in detail.

Q.3 Prepare the Detailed Formats of Comparative Income Statement and Comparative Balance Sheet. **(14)**

OR

Q.3 A company supplies the following information:

Liabilities	Rs.	Assets	Rs.
Share capital	15,00,000	Buildings	7,60,000
14% Debentures	4,00,000	Machinery	7,20,000
P & L A/c	1,50,000	Short-term investments	4,50,000
General reserve	3,50,000	Inventories	4,70,000
Creditors	5,60,000	Debtors	5,30,000
Proposed dividend	1,80,000	Cash at bank	3,30,000
Provision for taxation	1,30,000	Prepaid expenses	10,000
	32,70,000		**32,70,000**

Calculate:

1. Long term funds to fixed assets ratio **2.** debt-equity ratio **3.** Liquidity ratio

Q.4 the balance sheet of Dinesh Co. Ltd. discloses the following financial position as at 31st March, 2022. **(14)**

Balance Sheet as on 31-3-2022

Liabilities	Amount (Rs.)	Assets	Amount (Rs.)
6% Preference share capital	1,00,000	Fixed assets	4,80,000
Equity share capital	4,00,000	Current assets	60,000
General reserve	50,000	Fictitious assets	60,000
Provident fund	4,000		
Other liabilities	46,000		
	6,00,000		**6,00,000**

You are asked to value the goodwill by four year's purchase of super profit of company. For which purpose the following details are supplied:

1. The market value of fixed assets was 20% more than its book value. While the current assets overvalued by Rs. 6,000.
2. Total profit for last four years (Before 50% income-tax provision) Rs. 6,00,000.
3. The expected rate of return on capital employed in this type of business is considered to be 10%.

OR

Q.4 Following is the balance sheet of Nayana Ltd. as on 31-03-2015.

Liabilities	Amount (Rs.)	Assets		Amount (Rs.)
40,000 equity shares of Rs. 10 each	4,00,000	Goodwill		30,400
40,000 10% preference shares of Rs. 10 each	4,00,000	Buildings	5,40,000	
		Less: depreciation	20,000	5,20,000
		Plant & Machinery	5,00,000	
General reserve	1,28,000	Less: depreciation	20,000	4,80,000
P & L A/c	32,000	Furniture	25,600	
15% Debentures	1,60,000	Less: depreciation	1,600	24,000
Creditors	32,000	Investments		85,600
Bills Payable	14,000	Stock		32,000
PF	40,000	Debtors		22,400
		Cash & Bank		11,600
	12,06,000			**12,06,000**

Additional information:

1. The present value of buildings is Rs. 5,69,600.
2. The company's average annual profit(before 50% tax) is Rs. 2,24,000.
3. The expected rate of return on capital employed is 10%.
4. The value of goodwill of the company has been ascertained at Rs. 60,800.

From the above information, find out the fair value of equity shares of the company.

Q.5 Write short notes. (Any Two) **(14)**

1. Specimen of EVA Statement
2. EVA and Discounted Cash Flow
3. EVA and Shareholders' Value
4. Steps in implementing EVA

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