647510 **BBAcaMN203x-4C** **Seat No :________**

B.B.A. Semester - 4 (NEP-2020) Examination
March/April-2026
Advanced Corporate Accounting (Minor-3)

Time: 2:00 Hours **Marks: 50**

Instructions:

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

Que.1 Discuss the provisions of Company Act relating to Managerial remuneration (10)

OR

Que.1 Calculate the Managerial Remuneration from the following particulars of Shobha Ltd. payable to the managing director of the company at the rate of 5% of the profits. Also determine the excess remuneration paid, if any:

Particulars	Amount
Net profit Net profit has been calculated after considering the following:	4,00,000
(1) Depreciation	80,000
(2) Preliminary Expenses	20,000
(3) Tax provision	6,20,000
(4) Directors Fees	16,000
(5) Bonus	30,000
(6) Profit on sales of Fixed Assets (original cost 40,000 and written down value 22,000)	31,000
(7) Provision for doubtful Debts	18,000
(8) Scientific Research Expenditure (for setting up new Machinery)	40,000
(9) Managing Director's Remuneration paid	60,000

Other Information:

(1) Depreciation allowable under schedule XIV of Companies Act₹70,000.
(2) Bonus liability as per Payment or Bonus Act. 36,000.

Que.2 Kiran Limited issued 10,000 shares of ₹10 each. These shares were underwritten as follows: (10)

A: 6,000 shares, B: 2,500 shares, C: 1,500 shares.

In addition to the above underwriting, there was a firm underwriting as follows:

A: 800 shares, B: 300 shares, C: 1,000 shares.

Total subscriptions received by the company (including firm underwriting and marked applications) were 7,100 shares.

The applications were marked as follows:

A: 1,000 shares, B: 2,000 shares, C: 500 shares.

You are required to determine the liability of underwriters.

(A) If underwriters were not given any credit for firm underwriting.
(B) If underwriters were given credit for firm underwriting.

OR

Que.2 Sameer Ltd. issued 90,000 shares each of 10. Following three underwriters have taken responsibility as under:

X- 45,000 shares, Y-30,000 shares, Z- 15,000 shares.

They have also agreed for firm underwriting for following shares:

X-7,500 shares, Y- 4,500 shares, Z- 4,500 shares.

The company received applications for 60,000 shares which does not include firm underwriting. Out of these, marked applications were as under for 45,000 shares.

X- 18,000 shares, Y-15,000 shares, Z- 12,000 shares. -

(1) Fix the liability of each underwriter. No credit is given for firm underwriting.
(2) Give journal entries in the books of Sameer Ltd.
(3) 5% commission is to be paid to underwriters.

Que.3 Prepare Trend Analysis of the following Profit and Loss A/c of Kalpan Ltd. (10)

Particulars	2016-17	2017-18	2018-19
Sales	7,91,000	8,33,000	9,35,000
Less : Cost of Sales	4,90,000	5,10,000	5,82,000
Gross Profit (A)	3,01,000	3,23,000	3,53,000
Less: Administration Expenses	54,000	69,000	75,000
Sales Expenses	1,80,000	1,90,000	2,04,000
Total Business Expenses (B)	2,34,000	2,59,000	2,79,000
Total Business Profit (A--B)	67,000	64,000	74,000
Add: Non-trading incomes	10,000	8,000	12,000
	77,000	72,000	86,000
Less: Other Expenses	28,000	17,000	11,000
Total Net Profit	49,000	55,000	75,000
Less : Income Tax	15,000	10,000	27,000
	34,000	45,000	48,000
Less: Loss on sale of fixed Assets	1,000	28,000	-----
Loss by fire	-----	-----	55,000
Net Profit	33,000	17,000	-7000

(Hint: Taking first year as the base)

OR

Que.3 Following is the trading and Profit & Loss A/c of XYZ Trading for the year ended 31/03/2024

Particulars	Amount	Particulars	Amount
To Stock (1/4/2023)	75,000	By Sales	5,00,000
To Purchases	3,10,000	By Stock (31/03/2024)	1,00,000
To Freight	15,000		
To Gross Profit	2,00,000		
	6,00,000		6,00,000
To administrative expenses	85,000	By Gross Profit	2,00,000
To selling expenses	40,000	By interest on investments	5,000
To financial expenses	6,000		
To general expenses	3,000		
To Net Profit	71,000		
	2,05,000		2,05,000

Calculate :

(1) Gross Profit Ratio.
(2) Net Profit Ratio.
(3) Administrative Expenses Ratio.
(4) Selling Expenses Ratio
(5) Operating Ratio.

Que.4 Following is the balance sheet of Man-Nata Ltd as on 31/03/2011: (10)

Liabilities	Amount	Assets	Amount
Equity share Capital (80,000 shares of Rs 10 each)	8,00,000	Building (at Cost)	2,60,000
2,000, 10 % Preference Shares of Rs 100 each	2,00,000	Furniture (at cost)	20,000
General Reserve	3,00,000	5% Government Securities (Face Value Rs 8,00,000)	7,60,000
Profit & Loss balance (2009-10)	1,60,000	Preliminary Expenses	10,000
Profit for (2010-11)	8,60,000	Stock at market value.	9,00,000
Depreciation fund	1,10,000	Debtors (less BDR)	4,60,000
Creditors	70,000	Bills Receivable	20,000
		Cash & Bank balance	70,000
	25,00,000		**25,00,000**

Additional Information:

(1) You are required to compute value of Goodwill of the company at three years purchase of its Super profits.
(2) The Building is now worth Rs 4, 50,000.
(3) Companies doing similar business show a profit earning capacity of 20 % on market value of their shares.
(4) The profits for the past three years have shown an increase of Rs 60,000 annually.
(5) Profit for 2010-11 shown above is before taxation. Assume tax at 50 %.
(6) For computation of Average Profit weights to be used are 1, 2 & 3 respectively.

OR

Que.4 The balance sheet of Mihir Ltd as on 31/03/2024 is disclosed as under

Particulars	**Amount**
Equities and liabilities	
Equity share capital 4500 shares of Rs 100 each	4,50,000
10% Preference Share Capital	1,50,000
General Reserve	45,000
Creditors	1,05,000
Bills Payable	15,000
Total	**7,65,000**
Assets	
Building	3,75,000
Furniture	2,25,000
Investments	45,000
Debtors	75,000
Cash & Bank balance	45,000
Total	**7,65,000**

Other Particulars:

(1) Market price of Building is 30% and that of Furniture is 20% high.
(2) Market price of Investment is 52,500.
(3) 10% Bad debts on debtors is expected.
(4) Expected rate of return is 12%.
(5) The average profit before distribution of dividend is 1,11,000.
(6) Value of goodwill is 63,000.

From the above particulars, find out the fair value of Equity Shares.

Que.5 A High market value added means that the company has created substantial wealth for shareholders. On the other hand negative EVA means that the value of management's actions and investments are less than the value of the capital contributed to the company by the capital market or that the wealth and value has been destroyed. (10)

The following information of XYZ Ltd is available calculate E.V.A.:

Debt capital 12% - 2,000 Crores
Equity Capital - 500 Crores
Reserve and surplus - 7,500 Crores
Capital employed - 10,000 Crores
Cost of Equity - 19.5%
Net Operating profit after tax - 2,100 Crores
Tax rate - 30%

OR

Que.5 Explain the meaning of EVA and discuss its importance.

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