



NAZ-010-001405-N Seat No. _____

B. B. A. (Sem. IV) Examination

March / April - 2017

405 - Corporate Accounting - II

(New Course)

Faculty Code : 010

Subject Code : 001405-N

Time : $2\frac{1}{2}$ Hours]

[Total Marks : 70

- Instructions :** (1) Show working as a part of your answer.
(2) Figures to the right indicate full marks of the question.

- 1 Alpha Ltd. issued 3,00,000 equity shares of Rs. 10 each at 14 30% premium. Whole issue is underwritten as : A : 30%, B : 30% and C : 40%. Total applications received by the company are for 2,60,000 shares.

Out of these applications, marked applications are :

A : 40,000, B : 1,00,000 and C : 60,000

Rate of underwriting commission is 5% on issue price of the shares.

You are required :

- (1) To ascertain the liability of each underwriter.

- (2) To ascertain the underwriting commission payable to each of them.
- (3) To give journal entries regarding underwriting commission and shares purchased by underwriters.

OR

1 Bravo Ltd. 4,00,000 equity shares of Rs. 10 each at a 20% 14 premium. The issue was underwritten by X : 1,50,000 shares and by Y : 1,00,000 on which underwriting commission is payable at 4% on issue price. The company has received applications for 3,80,000 shares, of which marked applications were as under :

X : 1,25,000 shares and Y : 80,000 shares

You are required :

- (1) To ascertain the liability of each underwriter.
- (2) To ascertain the underwriting commission payable to each of them.
- (3) To ascertain the sum receivable from or payable to underwriters.

2 Following is the P&L Account of Charley Ltd. for the 14 year ended on 31.3.2016

Particulars	Rs.	Particulars	Rs.
Office expenses	6,00,000	Gross Profit	25,55,000
General expenses	4,00,000	Profit on sale of plant	70,000

Directors' fees	50,000	Government subsidy	50,000
Depreciation	75,000		
Managing Director's salary	96,000		
Interest on Bank Loan	1,04,000		
Income Tax	1,50,000		
Net Profit	12,00,000		
	26,75,000		26,75,000

Other Information :

- (1) Managing Director is paid monthly salary of Rs. 8,000
- (2) The depreciation charged on plant sold was Rs. 40,000
- (3) As per the provisions of Company Act, depreciation chargeable is Rs. 60,000

You are required to compute overall managerial remuneration as per the provisions of Company Act.

OR

- 2** Delta Ltd. furnishes the following information regarding calculation of its net profits. Net profit after charging following expenses and crediting incomes : Rs. 40,00,000. **14**

Expenses debited :

Depreciation	2,20,000
Bad debt reserve	50,000
Remuneration of MD	2,50,000
Bonus to employees	80,000
Purchase of Govt. Bonds	1,40,000
Provision for Income tax	3,00,000

Incomes credited :

Capital profit on sale Govt. Bonds 90,000

Government grant 50,000

Income tax refund 1,40,000

Depreciation admissible as per Company Act is Rs. 2,00,000.

Actual Bad debt is Rs. 5,000.

The company has one full time Managing Director and one part time director. Compute Managerial Remuneration as per the provisions of Company Act.

3 Following are the Balance Sheets of Echo Ltd. :

14

Liabilities	2014-15	2015-16	Assets	2014-15	2015-16
Share Capital	2,50,000	3,75,000	Land and Building	2,00,000	1,80,000
General Reserve	1,00,000	1,25,000	Plant and Machin.	2,50,000	4,20,000
Security Premium	12,500	25,000	Furniture	50,000	40,000
P&L Account	1,25,000	1,50,000	Govt. Securities	50,000	12,500
10% Debentures	1,50,000	1,50,000	Stock in trade	1,32,500	2,00,000
Creditors	90,000	1,12,500	Debtors	1,25,000	1,75,000
Unpaid expenses	20,000	30,000	Cash and Bank	40,000	90,000
Provision for tax	50,000	75,000			
Prop. dividend	50,000	75,000			
	8,47,500	11,17,500		8,47,500	11,17,500

You are required :

- (1) To prepare common size balance sheets.
- (2) Comment on the changes in the financial position of the company.

OR

3 Following is the Balance Sheet of Friends Ltd. as on
March 31, 2016.

14

Liabilities	Rs.	Assets	Rs.
Equity shares of Rs. 10 each 15% pref. shares of Rs. 100 each Reserve 12% Debentures Creditors Bank overdraft	3,00,000 1,00,000 3,00,000 2,00,000 2,40,000 40,000	Fixed assets Stock Debtors Cash on hand	6,80,000 1,20,000 2,20,000 1,60,000
	11,80,000		11,80,000

Net profit after interest and taxes was Rs. 1,10,000.

You are required to compute :

- (1) Current ratio
- (2) Liquid ratio
- (3) Return on shareholders fund
- (4) Return on equity share capital
- (5) Earnings per share

Also give your comment on current ratio and liquid ratio.

4 Following is the balance sheet of Girnar Ltd. as on 31.3.2016.

14

Liabilities	Rs.	Assets	Rs.
Equity share capital of Rs. 100 each	5,00,000	Land and Building	4,00,000
General Reserve	2,50,000	Plant and Machinery	3,50,000
15% Debentures	1,50,000	Debtors	1,50,000
Creditors	2,25,000	Stock	1,25,000
Provision for Tax	75,000	Cash and Bank	1,50,000
		Preliminary expenses	25,000
	12,00,000		12,00,000

Following are additional information :

- (1) Profit of the company during last 3 years were Rs. 2,00,000, Rs. 2,50,000 and Rs. 3,00,000 respectively.
- (2) Firms engaged in similar business earn normally 20%.

You are required to compute :

- (1) The value of goodwill of the company on the basis of 3 years' purchase of super profit.
- (2) The value of equity shares on the basis of yield method.

OR

4 Define 'Goodwill'. Discuss the factors affecting the value of goodwill. 14

5 Write short notes : (any two) 14

- (1) Objectives of Inflation Accounting
- (2) Discuss any four methods of Human Resource Accounting
- (3) Objectives of Social Responsibility Accounting
- (4) Discuss the CCA method of inflation accounting.
