



MBA-010-001405

Seat No. _____

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

March / April - 2018

405 : Corporate Accounting - II
(Old Course)

Faculty Code : 010

Subject Code : 001405

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

[Total Marks : 70

- Instructions :** (1) All questions carry equal marks.
(2) Show necessary calculations as part of your answer.

- 1 Profit and Loss Account of Vishva Limited for the year ended 31-03-2017 is as follows :

Profit and Loss Account

Particulars	Amt (Rs.)	Particulars	Amt (Rs.)
Salary and bonus to staff	1,60,000	Gross profit	5,00,000
Selling and distribution exp.	13,000	Profit on sale of building	80,000
General expenses	6,500	Subsidy from govt.	20,000
Depreciation (according to section 350)	60,000		
Bad debts	5,000		
Bad debts reserve	8,000		
Repairs	20,000		
Provision for tax	65,000		
Proposed Dividend	10,000		
Net profit	2,52,500		
	6,00,000		6,00,000

Other Information :

- (1) Repairs include capital expenses of Rs. 15,000.
- (2) Profit on sale of building includes revenue profit of Rs. 40,000 and capital profit of Rs. 40,000.
- (3) Staff salary includes Rs. 20,000 for ex-gratia paid.

The company has one fulltime managing director and one part time director. Compute managerial remuneration.

OR

- 1 The manager of Madhuri Limited is entitled to get monthly salary of Rs. 5,000 and a commission of 2% on net profit after calculating his commission. P&L account for the year ended 31-03-2017 is as follows:

P&L A/c

Particulars	Amt. (Rs.)	Particulars	Amt. (Rs.)
Salary & bonus	3,85,000	Gross profit	17,80,000
General expense	1,48,000	Govt. Subsidy	1,50,000
Depreciation	1,64,000	Profit on sale of	
Scientific research		Fixed assets	2,00,000
expense (instruments		(c.p. 5,00,000)	
purchased)	28,000	Written down	
Salary of manager	60,000	Value Rs. 3,60,000	
Manager's			
commission			
paid in advance	12,000		
Bad debt reserve	35,000		
Provision for tax	4,80,000		
Proposed dividend	2,00,000		
Net Profit	6,18,000		
	21,30,000		21,30,000

Depreciation allowable as per Companies Act is Rs. 1,62,000.

Calculate the maximum remuneration to manager according to Section 387.

- 2 Express Dental Laboratory issue 5,00,000. Equity shares of Rs. 10 each at 20% premium. Whole issue was underwritten as under :

Pankaj 40%

Sanjay 30%

Kuldeep 20%

Vipul 10%

Total applications received by the company are for 4,00,000 shares out of which the marked applications are

Pankaj 90,000

Sanjay 75,000

Kuldeep 50,000

Vipul 60,000

Rate of underwriting commotions is 5% on issue price of the share

You have to find out

(a) Liabilities of each underwriter

(b) The underwriter commission payable to each of them.

OR

- 2 Sarjak Limited issue 1,80,000 shares each of Rs. 10 following three underwriters have taken responsibility as under :

Ram 90,000

Balram 60,000

Krishna 30,000

They have also agreed for firm underwriting for following shares:

Ram 15,000

Balram 9,000

Krishna 9,000

The company received applications for 1,20,000 shares which does not included firm underwriting. Out of these marked application were as under for 90,000 shares

Ram 36,000

Balram 30,000

Krishna 24,000

Determine the liabilities of each underwriters if.

(a) Credit for firm underwriting is given.

(b) Credit for firm underwriting is not given.

- 3 The following are the balance sheet of Gunjan Limited as on 31/03/2016 and 31/03/2017

Balance Sheet

Liabilities	31-3-16	31-3-17	Assets	31-3-16	31-3-17
Equity share of Rs. 100 each	5,00,000	6,00,000	Fixed assets	9,25,000	11,80,000
General reserve	2,00,000	3,00,000	Stock	1,00,000	1,20,000
Profit and loss A/c	1,00,000	2,00,000	Debtors	40,000	1,00,000
10% Debenture	2,00,000	2,00,000	Bills receivables	60,000	80,000
Creditors	1,00,000	80,000	Cash balance	1,20,000	1,15,000
Bills payable	50,000	70,000	Prepaid expenses	5,000	5,000
Bank overdraft	1,00,000	1,50,000			
	12,50,000	16,00,000		12,50,000	16,00,000

Additional Information :

	31-3-2016	31-3-2017
Total sales - (cash sales are 2/5 th of credit sales)	7,00,000	10,50,000
Gross profit	2,50,000	4,00,000
Net profit- (Before interest and tax, tax rate is 50%)	1,60,000	2,72,000
Stock as on, 01-04-2015 Rs. 80,000		

From the above information calculate the following accounting ratios and interpret, in short the first three ratios:

- (1) Net profit ratio
- (2) Debtor's ratio (360 days to taken for the year)
- (3) Liquid Ratio
- (4) Stock turnover ratio
- (5) Return on share holders' fund
- (6) Debt Equity Ratio

OR

3 From the following data calculate :

- (1) Current Ratio
- (2) Liquid Ratio
- (3) Stock Turnover Ratio
- (4) Operating Ratio
- (5) Rate of Return on capital employed

Liabilities	Amt (Rs.)	Assets	Amt (Rs.)
Equity share capital (Rs. 10 per share)	20,00,000	Land and building	12,80,000
Profit & loss A/c	7,36,000	Plant & machinery	1,60,000
Creditors	2,08,000	Cash	3,20,000
Bills payable	4,00,000	Debtors 7,20,000	
Other current Liabilities	40,000	– BDR <u>80,000</u>	6,40,000
		Stock	9,60,000
		Prepaid insurance	24,000
	33,84,000		33,84,000

Income statement of the year ending 31-03-2017

	Amt (Rs.)		Amt (Rs.)
Sales	80,00,000	Balance at the beginning of the year (1-04-2016)	
Less: cost of goods sold	61,60,000	Debtors	6,00,000
Less : Operating Expenses	13,60,000	Stock	8,00,000
Net Profit	4,80,000		
Less: income tax 50%	2,40,000		
	2,40,000		

4 The Balance Sheet of Hetal Limited as on 31/03/2015 was as under :

Balance Sheet

Liabilities	Amt. (Rs.)	Assets	Amt. (Rs.)
Capital	4,00,000	Goodwill	80,000
Profit and loss A/c	1,24,000	Plant and machinery	1,60,000
Bank loan	80,000	Building	80,000
Creditors	1,00,000	Govt. Security	90,000
Bills payable	60,000	Fished goods stock	60,000
Out standing		Work in progress	60,000
expenses	40,000	Debtors 2,48,000	
Depri. fund		–less B.D.R. <u>8,000</u>	2,40,000
on building	10,000	Bills receivable	40,000
Provident fund	26,000	Cash	20,000
		Prepaid expenses	10,000
	8,40,000		8,40,000

Other Information :

- (i) Market price of the plant and machinery is 20% more.
- (ii) Expected rate of return is 10%.
- (iii) Risk in the kind of business is 2%
- (iv) The profit of the firm for last three years are as under

Year	Rs.
2012-13	1,04,000
2013-14	80,000
2014-15	1,24,000

Scrutiny of profit, however reveals that

- (1) The profit is before Mital's fair remuneration of Rs. 16,000 yearly.
- (2) The closing stock of 2012-13 is over valued by Rs. 8000.
- (3) In 2013-14 there was profit on sale of machinery of Rs. 4000 which is credited to profit and loss account.
- (4) On 1st October 2013 major Repairing was made in respect of plant incurring cost of Rs. 20,000 which amount was charged to revenue. The said sum is to be capitalised for the purpose of goodwill calculation subject to adjustment of depreciation at 10% P.A. on reduction balance method.

Calculate the value of goodwill on the basis of four year's purchase of super profit of firm.

OR

- 4 The Balance Sheet of Dipali limited. as on 31-3-1998 is given below :

Balance Sheet

Liability	Amt (Rs.)	Assets	Amt (Rs.)
Equity share of Rs. 10 each	20,00,000	Land and building	5,00,000
General reserve	10,00,000	Plant and Machineries	20,00,000
12% Debenture	5,00,000	Furniture	2,00,000
Creditors	5,00,000	Stocks	8,00,000
		Debtors	2,00,000
		Bank balance	3,00,000
	40,00,000		40,00,000

Additional Information :

- (1) The present value of the assets of the company is to be taken as double.
- (2) The goodwill of the company is to be valued at double the average super profit of last three years.
- (3) The profit of last three years of the company was Rs. 15,00,000, Rs, 9,00,000 and Rs. 12,00,000 respectively.
- (4) The expected rate of return in the company's line of business is 10%.
- (5) For the last three years, the company has been transferring 25% of the profit earned every year to its general reserve account and distributing the balance amount to share holders as dividend.

From the above information find out fair value of the share of the company.

5 Write short notes on the following : (any **two**)

- (1) Discuss various methods for valuation of Human Resource Accounting.
- (2) What is meant by Social Responsibility Accounting? Explain importance and limitations.
- (3) Explain various methods of Inflation Accounting-
