



DAL-161100010407

Seat No. _____

B. B. A. (Sem. IV) (W.E.F. 2016) Examination

April - 2022

Advanced Corporate Accounting

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

[Total Marks : 70

Instructions :

- (1) Give answer of the all question in answer book.
- (2) Show working note as part of your answer.

- 1 From the following Profit and Loss Account of Madhav Paper Mills Ltd. For the year ending on 31st March, 2021, you are required to calculate managerial remuneration u/s 198. Calculate the maximum remuneration that can be paid to a part-time director, assuming that the company has not appointed a manager or a managing director or a whole-time director. 14

	<i>Rs.</i>		<i>Rs.</i>
To staff salaries & bonus	2,50,000	By Gross Profit	15,60,000
"Administrative and Selling exp.	2,00,000	"Profit on sale of Machinery	70,000
"Depreciation (including development rebate Rs. 30,000)	1,00,000	"Dividend (Tax Deducted at source Rs. 23,000)	79,200
" Loss on sale of Investment	20,000	" Subsidy from State Government	20,800
" Scientific Research (New laboratory)	50,000		
"Donation to a charitable institution	20,000		
" Loss on sale of furniture (written down value Rs. 7,000)	5,000		
" Debentures interest	25,000		
" Debenture Trustees Remuneration	15,000		
"Debenture issue exp. Written off	10,000		
" Bad debts reserve	35,000		
"Provision for taxation	2,00,000		
" Net Profit	8,00,000		
	17,30,000		17,30,000

Other Information :

- (1) The original cost of machinery sold during the year was Rs. 1,20,000 and its written down value was Rs. 70,000
- (2) Depreciation allowed u/s 350 was Rs. 50,000
- (3) Bad debts written off against bad debts reserve was Rs. 15,000.
- (4) Provision for taxation includes Rs. 50,000 for sur-tax
- (5) Staff salaries and bonus include Rs. 5,000 for staff bonus paid for services rendered during the previous year and an ex-gratia payment of Rs. 8,000 to an employee.
- (6) The estimated liability of staff bonus for the current year Rs. 10,000 has not been accounted for in the books.

OR

- 1 Radhesyam Ltd. has appointed two managing directors who have been paid Rs. 60,000 as director's fees for the year 2020-2021 : 14

The profit and loss account of the company for the year ended 31st March, 2021 was as under :

	Rs.		Rs.
To Employees salary	3,60,000	By Gross profit	36,30,000
To Municipal taxes	6,000	By Rent received	48,000
To Insurance premium	7,500	By Profit on sale	
To Bad debts	15,000	of fixed assets	27,000
To Research expenses	18,000		
To Salary and commission paid to the managing directors (including directors fees)	2,40,000		
To Additional salary (with out legal responsibility)	15,000		
To Debenture interest	33,000		
To Interest on fixed deposit	45,000		
To Other admini. Expenses	25,500		
To Selling and distribution expenses	90,000		
To Depreciation	2,04,000		
To Development rebate reserve	21,000		
To Provision for income tax	9,00,000		
To Net profit	14,25,000		
	37,05,000		37,05,000

Other information :

- (1) Deprecation allowable under companies act Rs. 1,98,000.
- (2) Cost price of fixed asset sold was Rs. 87,000 while its depreciation value was Rs. 63,000
- (3) No provision for bonus was made for the year 2020-21 but its estimated amount is Rs. 36,000
- (4) Employees salary includes Rs. 33,000 as bonus paid for the last year and Rs. 15,000 towards the contribution to insurance corporate for the current year.

From the above information find out the outstanding amount of commission payable to the managing directors.

- 2** Krishna Limited issued 10,000 shares of Rs. 10 each. **14**
These shares were underwritten as follows:

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 subscription received by the company (including firm underwriting and marked applications) were 7,500 shares.

The marked applications (excluding firm underwriting) were 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

- 2** Jaihind Ltd. resolved to issue 1,60,000 equity shares of **14**
Rs. 100 each at 20% premium, out of which 50 % shares were
taken up by Directors and the remaining shares were issued
to the public. The entire issue was underwritten as follows :

A - 40,000 shares (Firm underwriting 8,000 shares)

B - 24,000 shares (Firm underwriting 4,000 shares)

C - 16,000 shares (Firm underwriting 4,000 shares)

Applications were received for 72,000 shares in which the marked applications including firm underwriting were as follows :

A- 28,000 shares B- 11,200 shares C-12,800 shares

Determine the liability of all the underwriters of the benefit of the firm underwriting is to be given to the individual underwriters and also calculate the commission of each underwriter as per companies act.

- 3 From the following statement of financial position of Radha Ltd. As at 31st March, 2021, compute following ratios for the year and make brief comment on each of them :
The Balance Sheets of Radha ltd. As on 31-3-2021. 14

<i>Liabilities</i>	<i>Rs.</i>	<i>Assets</i>	<i>Rs.</i>
Share capital		Fixed assets	60,00,000
Equity share capital	30,000	Closing stock	5,00,000
Equity share of Rs. 100 each fully paid up	30,00,000	Debtors	8,00,000
10% preference share capital		Bills receivable	50,000
20,000 shares of Rs. 100 each fully paid up	20,00,000	Cash and bank balance	2,80,000
General reserve	10,00,000	Fictitious assets	70,000
Profit & Loss A/c	6,00,000		
10% debentures	5,00,000		
Bank overdraft	80,000		
Creditors	4,20,000		
Other liabilities	1,00,000		
	77,00,000		77,00,000

Additional information :

Sales Rs. 60,00,000 purchases Rs. 35,00,000, average stock Rs. 3,20,000 Sales, administrative and financial expenses Rs. 6,00,000. Assume tax rate at 50%. 360 days to be taken for the year.

- (1) Gross profit ratio
- (2) Rate of return on equity shareholders' funds
- (3) Current ratio
- (4) Debtors ratio
- (5) Stock turnover ratio
- (6) Operating ratio
- (7) Net profit ratio

OR

- 3 Write a note on : 14
- 1) Utilities of financial statements
 - 2) Common-Size financial statements.
- 4 The following is the balance sheet of Ramanath Ltd. as 14
on 31-3-2021 :

Liabilities	Rs.	Assets	Rs.
Equity share capital, each of Rs. 10 fully paid up	3,00,000	Goodwill	15,000
10% Preference share capital each of Rs. 100 fully paid up	2,50,000	Land and Building	2,30,000
General Reserve	90,000	Machinery	4,40,000
Profit & Loss A/c : Balance as on 1-4-20 4000		Investments : Investment against	
Profit for 2020-21, before deducting tax at 50% <u>2,40,000</u>	2,44,000	Provident fund : 45,000	
12% Debenture	2,80,000	12% Debenture of Shivam Ltd. face value Rs. 80,000 and interest is taxable <u>85,000</u>	1,30,000
Creditors	1,70,000	Stock	2,30,000
Bills payable	16,000	Bills receivable	50,000
Provident fund	45,000	Debtors	2,70,000
Outstanding expenses	5,000	Cash & Bank	24,000
		Prepaid expenses	7,000
		Preliminary expenses	4,000
	14,00,000		14,00,000

Additional Information :

- 1) The present market value of Land and Building is Rs. 3,42,500 while the remaining assets, are to be taken at their book value.
- 2) The expected rate of return on capital in the class of business done by Ramanath Ltd. is 12%.
- 3) The profits of the company, before tax at 50% for the past three years are as under :
2017-18 Rs. 1, 80,000, 2018-19 Rs. 1, 90,000 and 2019-20 Rs. 2, 10,000.

From the above particulars, you are required to compute, the value of goodwill of the company on the basis of four years' purchase of its super profits, calculated on weighted average profit of the last four years. The appropriate weights to be used are :

2017-18 : 1, 2018-19 : 2, 2019-20 : 3 and 2020-21 : 4.

OR

- 4 The following is the balance sheet of Sagar limited as on 31-3-2011 : 14

Liabilities	Rs.	Assets	Rs.
Equity share of Rs. 100 each fully paid up	8,00,000	Goodwill	50,000
3,000 10% pref. shares of Rs. 100 each	3,00,000	Land and building : 6,00,000	
General reserve	1,50,000	Less : depreciation <u>60,000</u>	5,40,000
Profit and loss A/c	60,000	Plant and Machinery : 7,60,000	
15% debenture	2,50,000	Less : depreciation : <u>1,00,000</u>	6,60,000
Creditor	70,000	Other fixed asset : 1,00,000	
Bank Overdraft	30,000	Less : depreciation : <u>25,000</u>	75,000
Bills payable	10,000	Investment : Shares of subsidiary Company : 30,000	
		15% debenture of Trilok Ltd. : 90,000 (Face value Rs. 85,000 interest is taxable)	1,20,000
		Stock	80,000
		Debtors : 1,10,000	
		Less : B.D.R. <u>5,000</u>	1,05,000
		Cash	31,000
		Preliminary expenses	9,000
	16,70,000		16,70,000

Additional information :

- (1) The present market value of land and building is Rs. 5,69,600
- (2) The company's average annual profit (before including tax at 50%) is Rs. 3,60,000.
- (3) The expected rate of return on capital employed in this type of business is considered to be 10%
- (4) The value of goodwill of the company has been ascertained at Rs. 1,20,000 From the above particulars, ascertain the fair value of equity shares of the company.

5 Write a note : (any two)

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- 1) Advantages and Disadvantages of HRA
 - 2) Limitations of SR.A
 - 3) Various methods of inflation Accounting
 - 4) Any Two methods of HRA.
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