



NS – 493

III Semester B.B.A. Degree Examination, November/December 2016
(CBCS) (F+R)
(2015-16 and Onwards)
BUSINESS ADMINISTRATION
3.3 : Corporate Accounting

Time : 3 Hours

Max. Marks : 70

Instruction : Answer should be written in **English** only.

SECTION – A

Answer **any five** questions. **Each** question carries **two** marks. (5×2=10)

1. a) What is Capital Reserve ?
b) What do you mean by Interim Dividend ?
c) Give the meaning of financial analysis.
d) What are Super Profits ?
e) State any two methods of valuation of shares.
f) What are inter-company debts ? Give an example.
g) Distinguish between Capital Profits and Revenue Profits.

SECTION – B

Answer **any three** questions. **Each** question carries **six** marks. (3×6=18)

2. Discuss the factors to be considered for valuation of goodwill.
3. Under which heading are the following items shown in the Balance Sheet of a company :
 - a) Forfeited Share Account
 - b) Share Premium
 - c) Provision for taxation
 - d) Interest accrued on loans
 - e) Deposit with Port Trust
 - f) Live Stock.
4. Rakesh and Co. decided to purchase a business. The profits for the last four years are : 2012 – Rs. 1,20,000, 2013 – Rs. 1,50,000, 2014 – Rs. 1,44,000 and 2015 – Rs. 1,38,000. The business was looked after by the management . Remuneration from alternative employment if not engaged on the business comes to Rs. 18,000 p.a. Find the amount of goodwill, if it is valued on the basis of 3 years purchase of the average net profit for the last four years.



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5. From the following particulars, calculate the intrinsic value of equity shares assuming that out of the total assets, those amount Rs. 21,00,000 are fictitious :
- Share Capital : 5500000 equity shares of Rs. 10 each, fully paid-up
 - Liability to outsiders : Rs. 75,00,000
 - Reserves and Surplus : Rs. 45,00,000.
6. Calculate the trend percentages from the following figures of X Ltd. by taking 2011 as the base :

Year	(Rs. In Lakhs)	
	Sales	Profit before tax
2011	1400	550
2012	1850	705
2013	2800	790
2014	3700	875
2015	4450	1550



SECTION - C

Answer any three questions. Each question carries fourteen marks. (3x14=42)

7. Following Balances are extracted on 31st March 2016 from the books of CASB Ltd :

Debits	Rs.	Credits	Rs.
Factory Premises at cost	4,50,000	Share Capital :	
Plant and Machinery at cost	3,49,160	30000, 7% Preference	
Motor lorries at cost	73,000	Shares of Rs. 10 each	3,00,000
Sundry debtors	1,21,780	60000 Equity shares of	
Bad Debts written off	2,850	Rs. 10 each	6,00,000
Rent, Rates and Taxes	28,400	Surplus account	16,240
Advertisement	19,500	Gross Profit for the year	2,46,640
Cash in hand and at Bank	68,500	Provision for doubtful	
Director's Fees	3,600	debts	9,000
Auditor's Fees	10,000	Sundry creditors	1,29,640
Stock on 31-3-2016	1,14,600	Transfer fees	110
Rent and Taxes paid in advance	7,980	Accrued Wages	12,840
Salaries and Wages	32,000	Staff Benevolent Fund	17,900
Dividends paid on :			
Preference shares	21,000		
Equity shares (Interim)	15,000		
Patents	15,000		
	13,32,370		13,32,370



The provision for doubtful debts is to be made upto Rs. 10,200. The Factory Premises, Plant and Machinery and Motor Lorries are to be depreciated by 3%, 15% and 20% respectively. The Authorised capital of the company is Rs. 10,00,000 divided into 100000 shares of Rs. 10 each. You are required to prepare :

- i) Statement of Profit and Loss for the year ended 31st March, 2016
- ii) Balance Sheet as at 31st March, 2016 in the form prescribed under the Companies Act, 1956.

Previous year's figures are not required and also ignore taxation and transfer to reserves as required by law. You need not provide corporate dividend tax.

8. From the following income statements of Ryan Ltd. for the years ending 31-3-2015 and 31-03-2016, prepare common size income statement and interpret :

Liabilities	31-03-2015	31-03-2016
Sales	1,00,00,000	1,40,00,000
Miscellaneous incomes	4,00,000	3,00,000
Total	1,04,00,000	1,43,00,000
Expenses :		
Cost of Sales	65,00,000	1,02,00,000
Office Expenses	4,00,000	5,00,000
Selling Expenses	6,00,000	9,00,000
Interest	5,00,000	6,00,000
Net Profit	24,00,000	21,00,000
Total	1,04,00,000	1,43,00,000

9. The Balance Sheet of JAS Ltd. is as follows on 31-3-2016.

Liabilities	Rs.	Assets	Rs.
Share Capital :		Fixed Assets	8,00,000
Equity shares of Rs. 10 each	10,00,000	Investments	
		(6% Govt. Loan)	2,00,000
General Reserve	4,00,000		
Surplus Account	2,00,000	Current Assets	8,00,000
Current Liabilities	2,00,000		
	18,00,000		18,00,000

Net profit after taxation 2014 – Rs. 2,60,000, 2015 – Rs. 2,50,000 and 2016 – Rs. 3,00,000. The Goodwill may be taken as 5 years' purchase of average super profits. Normal return on average capital employed is 15%. The current assets are to be taken as Rs. 8,40,000. Ascertain the value of Goodwill.





10. From the following Balance Sheet of X Ltd. as on 31-3-2016, compute the value of the shares by the :

- 1) Net Assets Method
- 2) Yield Method.

Liabilities	Rs.	Assets	Rs.
80000 shares of Rs. 10 each	8,00,000	Goodwill	50,000
Reserve Fund	1,00,000	Fixed Assets	10,00,000
Profit and Loss A/c	50,000	Current Assets	4,00,000
5% Debentures	1,00,000		
Creditors	3,00,000		
Provision for tax	1,00,000		
	14,50,000		14,50,000

On 31-3-2014, fixed assets were valued at Rs. 12,00,000 and Goodwill at Rs. 75,000. The net profits for the last three years were Rs. 75,000, Rs. 78,000 and Rs. 87,000 of which 20% was placed to reserve. The rate of return is 10%.

11. From the Balance Sheet and information given below, prepare Consolidated Balance Sheet as at 31st March 2016.

Liabilities	'H' Ltd.	'S' Ltd.	Assets	'H' Ltd.	'S' Ltd.
Share Capital			Fixed Assets	8,00,000	1,20,000
Shares of			Stock	6,00,000	2,40,000
Rs.10 each	10,00,000	2,00,000	Debtors	1,50,000	1,70,000
Reserve	1,20,000	60,000	Bills Receivable	40,000	-
Profit and Loss A/c	4,00,000	1,20,000	Investments		
Bills Payable	-	30,000	7500 shares in		
Creditors	2,20,000	1,20,000	'S' Ltd.	1,50,000	-
	17,40,000	5,30,000		17,40,000	5,30,000

Additional Information :

- a) The bills accepted by 'S' Ltd. are all in favour of 'H' Ltd.
- b) The stock of 'H' Ltd. includes Rs. 50,000 bought from 'S' Ltd. at a profit to the latter at 20% on the sales.
- c) All the Profits of 'S' Ltd. has been earned since the shares were acquired by 'H' Ltd. but there was already reserves of Rs. 60,000 at that date.

