SS – 481

III Semester B.Com. Examination, November/December 2018
(2013-14 and Onwards) (Repeaters)
COMMERCE
3.3 : Corporate Accounting

Time : 3 Hours Max. Marks : 100

Instruction : *Answers should be written* ***completely*** *in* ***English*** *or in* ***Kannada****.*

SECTION – A

Answer **any ten** sub-questions. **Each** sub-question carries **2** marks. **(10×2=20)**

1. a) What is time ratio ?
   b) Give the meaning of calls-in-arrears.
   c) List out any two expenses charged only to Post incorporation period.
   d) Mention any two circumstances necessitating valuation of goodwill.
   e) List any two methods of valuing shares.
   f) What is Purchase Consideration ?
   g) What do you understand by corporate dividend tax ?
   h) State any two differences between Equity shares and Preference shares.
   i) What is meant by proposed dividend ?
   j) Give the meaning of Sinking fund.
   k) Mention any two examples for contingent liabilities.
   l) What is minimum subscription ?

P.T.O.

SECTION – B

Answer **any four** questions. **Each** question carries **8** marks. (4×8=32)

2. Mourya Ltd., incorporated on 1st April 2017, took over a running business on 1st January, 2017. It closes its accounts on 31st December, 2016. From the following particulars, calculate its sales ratio of the pre-incorporation period and post-incorporation period.

   Sales from 1st January, 2017 to 31st December, 2017: Rs.12,00,000

   Sales for the two months of January and February: 1½ times the average monthly sales.

   Sales for each month from March to July: ½ of the average monthly sales.

   Sales for the months of August and September : ¼th of the average monthly sales.

   Sales for each month from October to December : Two times the average monthly sales.

3. State the headings under which the following items are shown in the Balance Sheet of a Company.

   i) 6% Debentures

   ii) Sinking fund

   iii) Share premium

   iv) Live stock

   v) Goodwill

   vi) Vehicles

   vii) Trade marks

   viii) Fixed deposit with bank.

4. The net profits of a business after providing taxation for the past five years are

   ₹ 80,000;

   ₹ 82,000;

   ₹ 90,000;

   ₹ 94,000 and

   ₹ 92,000 respectively.

   Capital employed in the business is ₹ 8,00,000 on which a reasonable rate of return 15% is expected.

   Calculate the value of Goodwill of the business on the basis of 5 years purchase of super profit.

5. Calculate the value of an Equity Share under yield method.

   a) The paid up share capital of a company consists of 1000, 15% Preference Shares of ₹100 each and 20000 Equity Shares of ₹ 10 each.

   b) Average annual profits ₹ 75,000. Transfer ₹ 10,000 to reserve.

   c) Normal rate of return 10%.

6. Calculate the amount of Purchase Consideration from the following details.

   The purchasing company agreed to issue 8000 Equity Shares of ₹ 10 each at par, 500 8% Preference Shares of ₹ 100 each at 10% premium, 1000 Debentures of ₹ 50 each at 10% discount and also pay cash equal to ₹ 10,000.

SECTION – C

Answer **any three** questions. **Each** question carries **16** marks. **(3×16=48**

7. The following information is given :

   a) Capital employed ₹ 1,50,000

   b) Normal rate of return 10%

   c) Present value of annuity of Re.1 for 5 years at 10% = 3.78

   d) Net profits for five years : 2013 – ₹ 14,400; 2014 – ₹ 15,400; 2015 – ₹ 16,900; 2016 – ₹ 17,400; 2017 – ₹ 17,900.

   The profits included non-recurring profits on an average of ₹ 400 p.a.

   You are required to calculate Goodwill on the basis of

   a) 5 years' purchase of Super-Profit method.

   b) Annuity method and

   c) Capitalisation of Super-Profit method.

8. Ramesh Ltd. was incorporated on 1st August 2017 to take over the business of Vignesh Co., from 1st April 2017. The P/L A/c for the year ending 31st March, 2018 is as follows :

Particulars	₹	**Particulars**	₹
To Rent and taxes	12,000	By Gross Profit b/d	1,00,000
To Insurance	2,000		
To Salaries	30,000		
To Director's fees	4,000		

To Commission	5,000	
To Advertisement	3,000	
To Carriage	2,000	
To Preliminary expenses	5,000	
To Bad debts	1,000	
To Interest on loan	3,000	
To Net profit	33,000	
	1,00,000	**1,00,000**

The total turnover for the year ending 31-3-2018 was ₹ 2,50,000 divided into ₹ 50,000 for the period up to 1-8-2017 and ₹ 2,00,000 for the remaining period. Ascertain the profits earned prior to and post incorporation period.

9. Following is the Balance Sheet of B Company Ltd. as on 31-12-2017.

Liabilities	₹	**Assets**	₹
Issued capital in ₹ 10 shares	4,00,000	Fixed Assets	5,00,000
General Reserve	90,000	Current Assets	2,00,000
P/L A/c	20,000	Goodwill	40,000
5% Debentures	1,00,000		
Current liabilities	1,30,000		
	7,40,000		**7,40,000**

On 31st December, 2017, the Fixed Assets were valued at ₹ 3,50,000 and the Goodwill at ₹ 50,000. The net profits for the three years after taxes were

2014 – ₹ 51,600, 2015 – ₹ 52,000, 2016 – ₹ 51,650

Transfer to general reserve 20%. Normal rate of return 10%.

Ascertain the value of shares under.

a) Intrinsic value method

b) Yield method and

c) Fair value of Shares.

10. Following is the list of balances of X Company Ltd. registered with a nominal capital of ₹ 6,00,000 in Equity Shares of ₹ 10 each as on 31-3-2018.

Particulars	₹
Furniture	7,200
Call-in-arrears	7,500
Plant and Machinery	3,30,000
Business Premises	3,00,000
Interim dividend paid	37,500
Freight and Carriage	13,115
Salaries	14,500
Director's fees	5,725
Bad debts	2,110
Debenture interest paid	9,000
Stock 1-4-2017	75,000
Sundry Debtors	87,000
Goodwill	25,000
Cash in hand	750

Cash at Bank	39,900
Purchases	1,85,000
Preliminary Expenses	5,000
Wages	84,865
General Expenses	6,835
Advertisement	10,000
Subscribed, Called-up and Paid up capital	4,00,000
6% Debentures	3,00,000
P/L A/c (Cr.)	14,500
Bills Payable	38,000
Sundry Creditors	50,000
Sales	4,15,000
General Reserve	25,000
Bad debts Reserve (1-4-2017)	3,500

Adjustments :

a) The stock on 31-3-2018 was ₹ 95,000.

b) Depreciate Plant and Machinery by 5%, Business Premises by 2% and write-off ₹ 1,200 on Furniture.

c) Write off ₹ 1,000 from Preliminary Expenses.

d) Provide for half year's Debenture interest.

e) Reserve for Bad Debts ₹ 4,150.

You are required to prepare Company's Final Accounts in vertical format.