



QP – 332

III Semester B.Com. Examination, April/May 2021

(Prior to 2013-14) (Repeaters)

COMMERCE

3.3 : Corporate Accounting – I

Time : 3 Hours

Max. Marks : 90/100

Instructions : Answer should be written **completely** either in
English or in Kannada.

100 – 2012-13 only.

90 – Prior to 2012-13.

SECTION – A

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

1. a) What is meant by firm underwriting ?
- b) Give the meaning of marked application.
- c) Mention any two types of preference shares ?
- d) What is CRR ?
- e) What is meant by redemption of preference shares ?
- f) When do you prepare Capital Redemption Reserve Account ?
- g) What is goodwill ?
- h) What is interim dividend ?
- i) How do you ascertain the intrinsic value of shares ?
- j) What is super profit ?
- k) State any two methods of calculating Goodwill ?

P.T.O.



I) How do you treat the following items in the companies Balance Sheet ?

- i) Goodwill
- ii) Work-in-progress
- iii) Provision for taxation
- iv) Interest on debentures.

SECTION – B

Answer **any five** of the following. **Each** question carries **five** marks :

(5×5=25)

2. Explain the different methods of valuation of shares.

3. Rathan Company Ltd., issued 1,00,000 equity shares of ₹ 10 each for public subscription. The issue was underwritten as follows :

A = 30% shares, B = 30% shares and C = 20% shares.

However, the company received applications for 70,000 shares of which marked applications were as follows :

A = 10,000 shares, B = 20,000 shares, and C = 16,000 shares.

Determine the liability of each underwritten.

4. Following are the particulars of Jyothi Ltd. :

	₹
4,000 equity shares of ₹ 100 each	4,00,000
6% debentures	1,00,000
Current liabilities	75,000
Current assets	2,00,000
Fixed assets (market value)	5,12,000
Goodwill	37,500

Calculate the value of shares under net asset method.



5. From the following particulars, prepare Profit and Loss Appropriation A/c.

a) P/L A/c balance b/f ₹ 1,00,000

b) Net profit before tax (provision for taxation 40%) 8,75,000

c) Transfer to reserve fund 1,25,000

d) The share capital consists of

i) 10,000 12% preference shares of ₹ 100 each fully paid.

ii) 10,000 equity shares of ₹ 100 each fully paid.

e) The directors purpose a dividend of 20% on equity shares.

6. What is underwriting commission ? What are the legal provisions relating to it ?

7. Sundar Ltd. redeemed its 10,000 preference shares of ₹ 100 each at a premium of 10%. Though the company had sufficient balance in the reserve fund, if it decides to make fresh issue of 6,000 equity shares of ₹ 100 each at premium of 25% for this purpose.

Pass necessary journal entries.

8. From the following information, calculate the value of goodwill under 5 years purchase of super profits method.

a) Capital employed ₹ 3,00,000

b) Normal rate of return 10%

c) Profits for the I year = ₹ 28,000, II year = ₹ 30,800, III year = ₹ 33,800, IV year = ₹ 34,800 and V year = ₹ 35,800.

d) Managerial remuneration if employed elsewhere ₹ 8,000 per annum.

SECTION – C

Answer **any three** of the following. **Each** question carries **15** marks : **(3×15=45)**

9. Gokul Company Ltd. issued 1,20,000 shares of ₹ 10 each, which was underwritten as follows :

M – 40,000 shares (firm underwriting 4,000 shares)

N – 30,000 shares (firm underwriting 3,200 shares)

O – 20,000 shares (firm underwriting 800 shares)

P – 30,000 shares (firm underwriting 8,000 shares)

The total applications excluding firm underwriting but including marked applications were for 92,000 shares, the marked applications were as follows :

M = 14,000, N = 10,000, O = 6,000 and P = 12,000 shares.

Calculate net liability of each underwriter relating

a) Firm underwriting as marked applications.

b) Firm underwriting as unmarked applications.

10. The Balance Sheet of Sahana Raja Ltd. is as follows on 31-3-2016 :

Liabilities	Amount	Assets	Amount
	₹		₹
8,000 equity shares of ₹ 100 each	8,00,000	Fixed assets	6,40,000
General reserve	3,20,000	Investments (6% Govt. bonds)	1,60,000
Profit and Loss A/c	1,60,000	Current assets	6,40,000
Current liabilities	1,60,000		
	14,40,000		14,40,000

a) The profits after taxation are

2013-14 = ₹ 2, 24,000

2014-15 = ₹ 1,92,000 and

2015-16 = ₹ 2,56,000



- b) Normal rate of return is 10%
- c) The current assets are to be taken as ₹ 6,72,000
- d) The fixed assets are to be taken as ₹ 6,20,000
- Ascertain the goodwill under

- i) 3 years purchase of super profits
- ii) Capitalization of super profits.

11. Bharathi Ltd. redeems its fully paid preference shares at a premium of 20%. For this purpose it makes fresh issue of 5,000 equity shares of ₹ 10 each at par and sells its investments at a loss of 5%. On the date of redemption the Company's Balance Sheet stood as under :

Liabilities	₹	Assets	₹
Equity shares capital (₹ 100 each)	16,00,000	Fixed assets	42,00,000
Preference share capital (₹ 100 each fully paid)	8,00,000	Investments	8,00,000
Preference shares capital (₹ 100 each ₹ 40 partly paid)	4,00,000	Bank and cash	4,00,000
Capital redemption reserve	4,00,000	Other current assets	6,00,000
Securities premium	20,000		
P/L A/c	11,80,000		
Liabilities	16,00,000		
	60,00,000		60,00,000

Pass journal entries and show the Balance Sheet after redemption.



12. Following are the Trial Balance of Nakul Ltd., as at 31-3-2016.

Particulars	Debit	Credit
	₹	₹
Calls-in arrears	5,000	—
Premises	7,50,000	—
Machinery	1,50,000	—
Furniture	50,000	—
Purchases	6,80,000	—
Wages	1,25,000	—
Salaries	60,000	—
Interim dividend	20,000	—
Goodwill	2,00,000	—
Debtors	60,000	—
Bills receivable	13,000	—
Bad debts	2,000	—
Debenture interest (upto 30-9-2015)	15,000	—
Stock on 01-04-2015	41,000	—
Share capital	—	6,00,000
Sales	—	10,00,000
Reserve fund	—	1,50,000
Profit and Loss A/c	—	35,000
Creditors	—	75,000
10% debentures	—	3,00,000
Bills payable	—	10,000
Reserve for doubtful debts (01-04-2015)	—	1,000
	21,71,000	21,71,000



Adjustments :

- 1) The stock on 31-3-2016 was valued at ₹ 80,000.
- 2) Depreciate furniture and machinery by 10%.
- 3) Maintain reserve for doubtful debts at 5% on debtors.
- 4) The directors proposed a final dividends at 15%
- 5) The debenture interest is unpaid for 6 months.

Prepare Final Accounts.

13. Following is the Balance Sheet of Able traders Chennai as on 31-3-2016.

Balance Sheet

Liabilities	₹	Assets	₹
Share capital in shares of Rs. 10 each	4,00,000	Fixed assets	2,70,000
S. creditors	80,000	Current assets	2,50,000
General reserves	1,40,000	Investments	1,00,000
	6,20,000		6,20,000

The following profits were earned which included a fixed income from investment at 8% p.a.

2013 – ₹ 1,28,000

2014 – ₹ 1,44,000

2015 – ₹ 1,72,000

2016 – ₹ 1,80,000

Standard rate of return as capital employed in similar type of business is 12%.

Compute the amount of goodwill of the above business by :

- a) 3-years purchase of the average super profits for four years.
- b) Capitalisation of super profits method.