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III Semester B.Com. Examination, November/December 2016
(Semester Scheme) (Repeaters – Prior to 2013 – 14)

Commerce

3.3 : CORPORATE ACCOUNTING – I

Time : 3 Hours

Max. Marks : 100

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

SECTION – A

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

1. a) What is underwriting commission ?
- b) What is partial underwriting ?
- c) What are preference shares ?
- d) What is CRR ?
- e) What is Capital employed ?
- f) Define the goodwill.
- g) State any two reasons for valuation of shares.
- h) What do you mean by redemption of preference shares ?
- i) What do you mean by normal rate of return ?
- j) What is unclaimed dividend ?
- k) Who is underwriter ?
- l) How do you ascertain the fair value of shares ?





SECTION – B

Answer **any 5** questions. **Each** question carries **five** marks.

(5×5=25)

2. A company issued 50,000 shares of ₹ 10 each. The whole issue was fully underwritten by A B C as follows :

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

The Company received applications for 45,000 shares of which marked applications were as follows :

A = 18,000 shares, B = 18,000 shares and C = 4,000 shares.

Determine the liabilities of each underwriter.

3. Following are the particulars of ABC Ltd.,

Equity shares of ₹ 10 each	8,00,000
8% Debentures	2,00,000
Current liabilities	2,60,000
Current assets	4,00,000
Fixed assets	6,00,000
Goodwill	1,00,000

Compute the value of shares under net asset method.

4. From the following information, calculate the value of goodwill under 3 years purchase of super profits method.

a) Average Capital employed ₹ 4,35,000.

b) Net profits of the firm for last 3 years were : ₹ 61,000, ₹ 49,250 and ₹ 87,750 respectively.

c) Managerial remuneration if employed elsewhere ₹ 9,000 per annum.

d) Normal rate of return 8%.

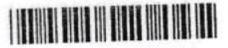


5. From the following particulars prepare Profit and Loss Appropriation A/c.
- i) Net profit before tax ₹ 15,75,000
 - ii) Provision for taxation 25%
 - iii) Transfer to reserve fund 20% after tax.
 - iv) The share capital consist of the following.
 - a) 20,000 15% pref. share of ₹ 100 each fully paid.
 - b) 30,000 equity shares of ₹ 100 each ₹ 75 paid.
 - v) Proposed dividend to equity shareholders 25%
 - vi) Profit and Loss A/c balance b/f ₹ 2,50,000.
6. A Company has 4,000, 6% redeemable preference shares of ₹ 100 each fully paid. The company decides to redeem the shares on December 31, 2015 at premium of 5%. The Company makes the following issues :
- a) 1,000 equity shares of ₹ 100 each at a premium of 10%
 - b) 1,000, 6% debentures of ₹ 100 each
- The issue was fully subscribed and all the amounts were received. The redemption was duly carried out the company has sufficient profits.
Give journal entries recording the above transactions.
7. Explain the various factors to be taken into account while valuing shares.
8. Explain the various methods of valuation of Goodwill.

SECTION – C

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

9. Sudharshan Ltd. issued 2,00,000 equity shares of ₹ 10 each. M.N.O. and P underwritten the entire issue in proportion of 40%, 30%, 20% and 10% respectively in consideration of commission at 5%, they also apply for firm shares as under. M – 6,000 shares, N – 4,000 shares, O – 4,000 shares and P – 6,000 shares.



Besides the firm applications from the underwriters, the public apply for 1,20,000 shares of which marked application are as under :

M - 20,000 shares, N - 12,000 shares, O - 16,000 shares and P - 32,000 shares. Show the number of shares to be taken-up by each of the underwriters treating

- a) Firm underwriting as marked applications and
- b) Firm underwriting as unmarked applications.

Also find out the commission payable to the underwriter.

10. The following particulars are available in respect of the business carried on by Narayan Ltd.,

- i) Profits earned : 2013 - ₹ 2,00,000
2014 - ₹ 1,92,000
2015 - ₹ 2,08,000

- ii) Profit of 2014 is reduced by Rs. 10,000 due to stock destroyed by fire and profits of 2013 included a non-receiving income ₹ 12,000.
- iii) Profits of 2014 include income from investment of ₹ 8,000.
- iv) The stock is not insured and it is thought prudent to insure stock in future. The insurance premium is estimated at ₹ 2,000 p.a.
- v) Normal rate of return 10%.
- vi) Average capital employed ₹ 16,00,000.
- vii) Present value of annuity of one rupee for 5 years at 10% is ₹ 3.78.

You are required to calculate the value of Goodwill.

- a) As per 5 years purchase of super profit.
- b) As per Capitalisation of super profit.
- c) As per Annuity method.



11. On 31-3-2016, the Balance Sheet of Spoorthy Ltd., was as follows :

Balance Sheet			
Liabilities	Amt.	Assets	Amt.
5,000 shares of ₹ 100 each	5,00,000	Land and Building	2,20,000
Profit and Loss A/c	1,03,000	Plant and Machinery	95,000
Bank Overdraft	20,000	Stock	3,50,000
Creditors	77,000	Debtors	1,55,000
Provision for tax	45,000		
Proposed Dividend	75,000		
	8,20,000		8,20,000

The net profits of the company after deducting all working charges and providing for depreciation and taxation were as under :

Financial year :	2011 – 12	2012 – 13	2013 – 14	2014 – 15	2015 – 16
Profits (₹)	85,000	96,000	90,000,	1,00,000	95,000

On 31-3-2016, Land and Building was revalued at ₹ 2,50,000 Plant and Machinery at ₹ 1,50,000 and Goodwill at ₹ 1,50,000.

The normal rate of return is 10%.

You are required to ascertain the value of equity shares under.

- i) Intrinsic value method
- ii) Yield method and
- iii) Fair value method

12. Following is the Balance Sheet of Anand Ltd. as on 31-3-2016.

Liabilities	Amt.	Assets	Amt.
5,000, 8% redeemable pref.shares of ₹ 10 each	50,000	Fixed assets	2,00,000
10,000, 7% redeemable pref.shares of ₹ 10 each		Investments	50,000
₹ 5 paid-up	50,000	Stock	20,000
		Debtors	30,000



10,000 equity shares of ₹ 10 each	1,00,000	Bank	1,00,000
Securities premium	40,000		
General Reserve	30,000		
Capital Reserve	35,000		
Profit and Loss A/c	45,000		
Current Liabilities	50,000		
	4,00,000		4,00,000

On 1-4-2016 the company redeemed both preference shares at a premium of 10%. In order to pay off the preference shareholders, the company issued 12,500 equity shares of ₹ 10 each at 5% premium.

Pass the journal entries and prepare B/S.

13. Prepare the Balance Sheet of X Ltd., from the following Ledger Balances as on 31st March 2016.

	(₹)
Equity share capital	2,50,000
Land and Building	3,00,000
10% preference capital	2,00,000
Plant and Machinery	1,50,000
Copy rights	50,000
8% Debentures	2,00,000
Stock	1,00,000
Sundry Debtors	70,000
Bills Payable	30,000
Underwriting Commission	20,000



Unclaimed Dividend	25,000
Sundry Creditors	30,000
Marketable Securities	45,000

SECTION -D

(1×10=10)

Answer the following question which carries 10 marks.

14. State the headings under which the following items are shown in The Balance Sheet of the Company.

- Sundry Debtors
- Sundry Creditors
- Bills receivable
- Bills payable
- Calls-in-arrears
- Calls-in-advance
- Miscellaneous exps.
- General Reserve
- Plant and Machinery
- Patents.

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ವಿಭಾಗ - ಎ

ಯಾವುದಾದರೂ ಹತ್ತು ಉಪ-ಪ್ರಶ್ನೆಗಳಿಗೆ ಉತ್ತರಿಸಿ. ಪ್ರತಿ ಉಪಪ್ರಶ್ನೆಗೆ ಎರಡು ಅಂಕಗಳಿರುತ್ತದೆ.

(10×2=20)

- ಖರೀದಿ ಭರವಸೆ ದಲ್ಲಾಳಿ ಎಂದರೇನು ?
 - ಭಾಗಶಃ ಖರೀದಿ ಭರವಸೆ ಎಂದರೇನು ?
 - ಆದ್ಯತಾ ಷೇರುಗಳೆಂದರೇನು ?