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III Semester B.Com. Examination, Nov./Dec. 2014
(Prior to 2013-14) (Repeaters)
COMMERCE

3.3 : Corporate Accounting – I
(100 – 2012-13 Only)
(90 – Prior to 2012-13)

Time : 3 Hours

Max. Marks : 90/100

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

SECTION – A

Answer **any ten** sub-questions. **Each** sub-question carries **2** marks. (10x2=20)

1. a) State the various types of underwriting.
- b) Distinguish between gross liability and net liability.
- c) What do you mean by redemption of preference shares ?
- d) Give the meaning of divisible profits.
- e) What is the normal rate of return ?
- f) State the four features of goodwill.
- g) What is meant by valuation of shares ?
- h) State any two factors to be considered for valuation of shares.
- i) How do you treat preliminary expenses in the final accounts of company ?
- j) What is meant by unclaimed dividend ? Where do you show the same in the company's Balance Sheet ?
- k) How do you calculate the value of shares under break-up value method ?
- l) What is the permissible monthly remuneration to a managerial person in case of inadequate profits ? (If the effective capital is 5-25 crores)

P.T.O.



SECTION – B

Answer **any five** of the following. **Each** question carries **5** marks. (5×5=25)

2. State any five circumstances necessitating valuation of shares.
3. What is under writing commission ? What are the legal provisions relating to it ?
4. The profits disclosed by Naik Ltd. for the past 5 years were as follows :
2009 – Rs. 20,000 (Including abnormal profit Rs. 2,500)
2010 – Rs. 25,000 (after charging abnormal loss Rs. 5,000)
2011 – Rs. 22,500 (excluding Rs. 2,500 insurance premium)
2012 – 30,000
2013 – Rs. 40,000 (including profit on sale of building Rs. 10,000)
You are required to calculate the value of goodwill at 3 years purchase of average profits.
5. From the following particulars, prepare Profit and Loss Appropriation Account.

a) Profit and loss account balance brought forward	50,000
b) Net profit before tax	4,37,500
c) Provision for taxation	40%
d) Transfer to Reserve fund	67,500

 - e) The share capital consists of the following :
 - 1) 5000 12% preference shares of Rs. 100 each fully paid.
 - 2) 5000 equity shares of Rs. 100 each Rs. 80 paid up.
 - f) The directors propose a dividend of 10% on equity shares.
6. A company issued 50,000 shares of Rs. 10 each. The whole issue was fully under written by P Q R and S as follows :
P – 20,000, Q – 15,000, R – 5,000 and S – 10,000 shares. The company received applications for 45,000 shares of which marked applications were as follows :
P – 22,000, Q – 11,000 R – 1,000 and S – 9,000 shares.
Determine the liability of each underwriter.

