



B.B.A. III Semester Degree Examination, April/May - 2024

MANAGEMENT

DSC - 7 : Corporate Accounting and Reporting

(NEP)

Time : 2 Hours

Maximum Marks : 60

Note : Answer **All** Sections.

SECTION - A

1. Answer the following sub-questions. Each sub-question carries **one** mark. **10x1=10**
- (a) What do you mean by marked applications ?
 - (b) Write four expenses apportioned on sales ratio.
 - (c) What is the meaning of share ?
 - (d) Mention the two types of goodwill.
 - (e) What is dividend ?
 - (f) Mention the cases when schedule VI is not applicable.
 - (g) What is underwriting commission ?
 - (h) What is Profit Prior to Incorporation ?
 - (i) What is right issue of shares ?
 - (j) What do you mean super profits ?

SECTION - B

Answer **any four** of the following questions each question carries **five** marks. **4x5=20**

2. Jyoti Co. Ltd. issued 50,000 equity shares of ₹ 10 each to the public. The whole issue was underwritten by PQRS as P - 20,000, Q - 15,000, R - 10,000 and S - 5000.
The application received for 45,000 shares of which marked applications were as follows :
P - 22,000, Q - 9,000, R - 11,000 S - 1,000.
Find individual liability of underwriters.

3. From the following particulars of Rainbow Ltd. Calculate goodwill at 3 year purchases of the Average Profit of the past 4 years.

Year	Profit	Weights
2011	50,000	1
2012	64,000	2
2013	80,000	3
2014	1,00,000	4

Calculate the value of goodwill under weighted average profit method.



4. The following are the particulars relating to a limited company.

20,000 Equity Shares of ₹ 10 each fully paid	2,00,000
Proposed dividend at 20% on the above Equity Shares	40,000
Total Assets	6,00,000
External Liabilities	2,80,000

From the above compute the :

- (a) Ex-Dividend value of Equity share.
- (b) Cum-Dividend value of Equity Shares.

5. From the following particulars furnished by Godavari Ltd. Prepare the note to Reserve and Surplus as prescribed under the schedule III of the Act and show how it appears in the statement of Assets and liabilities of the company.

(1) Opening balances :

Capital Reserve	2,50,000
Debenture redemption reserve	5,00,000
General reserve	12,00,000
Surplus balance (or)	1,00,000

(2) Profit after tax for the year 5,00,000

(3) Appropriation of profit

(a) Transfer to debenture redemption reserve	50,000
(b) Transfer to general reserve	2,00,000
(c) Proposed dividend	50,000

6. Explain the methods of valuation of shares.

7. Write the factors which will affect the value of goodwill.



SECTION - C

Answer **any three** of the following questions. Each question carries **ten** marks.

3x10=30

8. Following particulars are available in respect of shan Ltd.

(a) Profit of 3 years :

2011-12	₹ 45,000
2012-13	₹ 55,000
2013-14	₹ 60,000

(b) Average Capital Employed in Business ₹ 4,00,000

(c) NRR is 8%

(d) The profit included non-recurring income on an average basis of ₹ 10,000

(e) Present value of Annuity of ₹ 1 over 5 years at 10% is ₹ 3.78

Compute the value of goodwill under the following methods :

(i) Four year purchase of super profit

(ii) Annuity method

(iii) Capitalisation of super profit

9. From the following information furnished by Dharani Company Ltd. prepare statement of profit and loss as per schedule III part-II of Companies Act (vertical form)

Particulars :	₹
(a) Sale of goods	3,00,000
(b) Sale of service	2,60,000
(c) Excise duty	10,000
(d) Interest Income	30,000
(e) Dividend Income	15,000
(f) Opening stock of raw material	1,00,000
(g) Purchase of raw material	2,50,000
(h) Closing stock of raw material	50,000
(i) Purchase of stock in trade	60,000
(j) Employee benefit cost	80,000
(k) Depreciation	20,000
(l) Profit on sale of Fixed Asset	10,000
(m) Profit on sale of subsidiaries	20,000
(n) Tax Expenses	30,000

10. Explain the types of underwriting of shares.



11. X Ltd. was incorporated on 1-8-2022 to takeover the business of m/s Y as a going concern from 1-4-2022. The statement of profit and loss of X Ltd. for the year ending 31-3-2023 is as follows :

Particulars	Note	Amount	Total
(I) Continuing operations			
(1) Revenue from Operations (sales)	1		5,00,000
(2) Other Incomes	2		-
Total Revenue (A)			5,00,000
(3) Expenses			
(a) Cost of sales	3		3,45,000
(b) Employee Benefit Cost :	4		
Salaries		36,000	
Director Fee		<u>1,600</u>	37,600
(c) Finance Cost	5		
Interest on Loan			3,000
(d) Other Expenses :	6		
Rent and Rates		12,000	
Office Expenses		7,500	
Insurance		3,000	
Electricity		2,400	
Commission on sales		6,000	
Advertisement		7,500	
Carriage outwards		3,000	
Bank charges		1,500	
Preliminary Expenses		6,500	
Bad debts		2,000	
Audit Fee		3,000	54,400
Total Expenses (B)			4,40,000

Net Profit (A-B)

60,000

Additional Information :

The total turnover for the year ending 31-3-2023 was ₹ 5,00,000 divided into ₹ 1,50,000 for period upto 1-8-2022 and ₹ 3,50,000 for the remaining period.

Ascertain the profit earned prior to incorporation of the company.



12. From the following information relating to Neha Co. Ltd. Calculate the fair value of equity share :

Balance Sheet as at 31-3-2023		
Particulars	Note	Amount (₹)
(I) Equity and liabilities		
(a) Share holders Fund :		
Share capital (20000 shares of (₹) 10 each)	-	2,00,000
Reserves and Surplus		40,000
(b) Current Liabilities	-	<u>60,000</u>
		<u>3,00,000</u>
(II) Assets		
(i) Non-current Assets	-	2,00,000
Tangible Fixed Asset		
(ii) Current Assets		1,00,000
		<u>3,00,000</u>

For the purpose of valuation goodwill, fixed Asset and current Asset were valued at ₹ 30,000, ₹ 2,70,000 and ₹ 80,000 respectively.

The average profit on the basis of profit of the last four years was ₹ 60,000. The company transfers 25% of the profits to the general reserves every year. The Market yield of a similar type of share is 15%.

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