



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

**COMMERCE**

**Corporate Accounting**

**(NEP)**

Time : 2 Hours

Maximum Marks : 60

**Note :** Answer **all** the sections.

**SECTION - A**

1. Answer the following sub-questions. Each sub-question carries **one** mark. **10x1=10**
- (a) Who are Underwriters ?
  - (b) What is profit prior to incorporation ?
  - (c) What are the types of good will ?
  - (d) Mention any two objectives of valuation of shares.
  - (e) What are divisible profits ?
  - (f) What is Advance Income Tax ?
  - (g) How do you calculate expected rate of return ?
  - (h) What is brand ?
  - (i) What is time ratio ?
  - (j) What are types of Underwriting ?

**SECTION - B**

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

**4x5=20**

2. Suresh and Co Ltd. issued 40,000 shares of Rs. 10 each of which the shares were underwritten as follows.
- Mr.A - 20,000 shares and Mr.B - 12,000 shares. The public subscribed for 12,000 shares which included marked applications as follows.
- Mr.A - 4,800 shares and Mr.B - 1,200 shares. Determine the liability of underwriters.



**P.T.O.**

3. X Ltd was incorporated on 01-04-2015. It took over the business of Y Ltd as from 01-01-2015. Sale for the year ending 31-12-2015 Rs. 24,00,000 out of which sales upto 01-04-2015 were Rs. 2,40,000. Find
- (a) Time ratio (b) Sales ratio
4. From the following particulars calculate value of equity share under yield method :
- (a) 6,000 10% preference share of Rs. 100 each full paid.  
 (b) 50,000 equity shares of Rs. 10 each Rs. 8 paid up.  
 (c) Normal rate of return 16%.  
 (d) Expected profit before interest and Tax 4,15,000.  
 (e) 10% Debentures worth Rs. 1,50,000.  
 (f) Transfer of General Reserve 20% of profit.  
 (g) Income Tax rate is 30%.
5. From the following information compute the value of goodwill :
- (a) Average capital employed in the Business Rs. 1,00,000  
 (b) Average profit earned Rs. 25,000  
 (c) Normal rate of return expected at 15%
- The value of goodwill is based on the 4 year & purchase of the super profit.
6. What are the factor affecting value of goodwill ?
7. From the following particulars prepare notes to Reserve and Surplus as prescribed form of the Companies Act and show how it appears in the statement of assets and liabilities :

<b>I. Opening Balances</b>	<b>Rs.</b>
Capital reserve	60,000
Dividend equalisation fund	50,000
General reserve	40,000
Surplus balance (CR)	32,000
 <b>II. Profit after tax for the year</b>	
Transfer to dividend equalisation fund	10,000
Transfer to general reserve	30,000
Proposed dividend	20,000



**SECTION - C**

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

**3x10=30**

8. Discuss the needs and advantages of underwriting.
9. Ravi Company Ltd. was formed on 01-07-2018 to take over the business of Ram Traders with effect from 01-04-2018. The statement of profit and loss for the year ending 31-03-2019 is given below :

Particular	Note	Amount	Total
<b>I. Continuing operations</b>			
1. Revenue from operations	1	-	21,00,000
2. Other Income	2	-	-
Total			21,00,000
3. Expenses			
(a) Cost of Sales	3	-	11,40,000
(b) Employees Benefit cost	4		
Salaries and wages		2,56,000	
Directors fees		28,800	2,84,800
(c) Finance cost	5		
Interest on Debentures		28,800	
Interest on Vendors (upto 30-09-2018)		16,000	44,800
(d) Depreciation	6		1,02,400
(e) Other expenses	7		
Rent and rates		67,200	
Commission on sales		81,600	
General expenses		76,800	
Advertisement		24,000	
Audit fees		16,000	2,65,600
Total expenses			18,37,600
Profit (21,00,000-18,37,600)			57,75,200

**Additional Information :**

- (a) The sales for Pre-incorporation period Rs. 7,00,000 and sales after incorporation period was Rs. 14,00,000.
- (b) Actual rent per month was Rs. 500 prepare statement showing profits prior to and after incorporation period.



10. The statement of assets and liabilities of Ashwini Ltd. as on 31-03-2018 is as under :

Particular	Note	Amount	Rs.
<b>I. Equity and liabilities</b>			
1. Shareholders fund			
Share Capital	1	4,00,000	
Reserve & Surplus	2	1,24,000	5,24,000
2. Current Liabilities			
Trade payable	3	3,76,000	3,76,000
<b>Total</b>			9,00,000
<b>II. Assets</b>			
1. Non-current Assets			
Tangible fixed Assets	4	4,50,000	
Intangible fixed Assets	5	70,000	5,20,000
2. Current Assets			
Inventories (Stock)	6	1,00,000	
Trade receivable (Debtors)	7	1,60,000	
Cash and Cash equivalent	8	1,20,000	3,80,000
<b>Total</b>			9,00,000

**Notes to Accounts :**

Note 1	:	Share Capital	
		4,000 equity shares of Rs. 100 each fully	4,00,000
		Share capital	4,00,000
Note 2	:	Reserve and Surplus	
		General Reserve	80,000
		Profit as Per P & L A/c 64,000	
		Discount on issue of shares 20,000	44,000
			1,24,000
Note 3	:	Trade Payables	
		Sundry creditors	3,76,000
Note 4	:	Tangible fixed assets	
		Plant & Machinery	2,50,000
		Land & Buildings	2,00,000
			4,50,000
Note 5	:	Intangible Assets	
		Goodwill	70,000
Note 6	:	Inventories	
		Stock	1,00,000



Note 7	:	Trade receivable	
		Sundry Debtors	1,60,000
Note 8	:	Cash & Cash equivalents	
		Cash at Bank	1,20,000

The expert valuer valued land and Building Rs. 3,00,000 Goodwill at Rs. 3,50,000 and Machinery at Rs. 2,20,000. The profit of the company were 2015-16 - Rs. 1,60,000, 2016-17 - Rs. 1,40,000, 2017-18 - Rs. 1,80,000. The company follows the practice of transferring 20% of the profit to General Reserve. Similar type of companies earn at 10% of their shares.

Ascertain the value of shares of the company as under :

- Net Assets Method
  - Yield Method
  - Fair Value Method
- Ignore Income Tax

11. Following particular are available in respect of Mamatha Ltd :

- Profit of 3 years :
 

2011-12	Rs. 45,000
2012-13	Rs. 55,000
2013-14	Rs. 60,000
  - Average capital employed in Business Rs. 4,00,000.
  - NRR is 8%.
  - The profit included non-recurring income on an average basis of Rs. 10,000.
  - Present value of annuity of Rs. 1 over 5 years at 10% is Rs. 3.78.
- Compute the value of goodwill under the following methods :
- Four years purchase of super profit
  - Annuity method
  - Capitalization of super profit

12. From the following information furnished by Maltesh Trading Company. Prepare statement of profit and loss as per schedule III part II of company's Act 2013 (vertical form) :

Particular	Rs.
(a) Sale of goods	3,00,000
(b) Sale of services	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) Employees Benefit cost	80,000
(k) Depreciation	20,000
(l) Profit on sale of fixed assets	10,000
(m) Profit on sale of Subsidiaries	20,000
(n) Tax expenses	30,000

