



III Semester B.Com. Examination, March 2023
(CBCS) (R) (2015 – 16 and Onwards)
COMMERCE
Paper – 3.3 : Corporate Accounting

Time : 3 Hours

Max. Marks : 70

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

SECTION – A

1. Answer **any five** sub-questions. **Each** sub-question carries **two** marks. **(5×2=10)**
- Give the meaning of underwriting.
 - What is the partial underwriting ?
 - Mention the ratios required to calculate Profit prior to incorporation.
 - State any 4 factors determining the value of goodwill.
 - How do you calculate intrinsic value of shares ?
 - State under what heading the following items will appear in the Balance Sheet of a company.
 - Calls unpaid
 - Loose tools.
 - What is the fair value of shares ?

SECTION – B

Answer **any three** questions. **Each** correct answer carries **six** marks. **(3×6=18)**

2. A Co., issued 1,00,000 shares of ₹ 10 each. The whole issue was fully under written by M, N, O and P as follows: M – 40,000 shares, N – 30,000 shares, O – 10,000 shares, P – 20,000 shares.

The company received applications for 90,000 shares of which marked application were as follows :

M – 32,000 shares, N – 22,000 shares, O – 2,000 shares and P – 18,000 shares.

Determine the net liability of each underwriters.

P.T.O.



3. Vikram Ltd. had purchased a business on 1-4-2022. The Co. received its certificate of incorporation on 1-9-2022. The average monthly sales for the period before incorporation was 25% more than the average monthly sales for the period after incorporation. The total sales during the year ₹ 6,00,000.

Ascertain :

- i) Time ratio
 - ii) Sales ratio
 - iii) Pre and post incorporation sales.
4. Suma Ltd., has invested a sum of ₹ 12,00,000 in her own business which is very profitable one. The annual profit earned from her business is ₹ 2,40,000 which included a sum of ₹ 40,000 received as compensation for acquisition of part of her business. The money could have been invested in deposits for a period of 5 years at 10% interest and herself could earn ₹ 28,800 per annum in alternative employment considering 2% fair compensation for the risk involved in business. Calculate the value of goodwill for her business on capitalization of super profits at normal rate of return of 12%.

5. Following information relates to Rohith Ltd.

9,000, 10% preference shares of ₹ 100 each	₹ 9,00,000
10,000 equity shares of ₹100 each	₹ 10,00,000
Average profit before tax	₹ 7,50,000
Rate of tax	40%
Transfer to be made to reserve	20%
Normal rate of return	15%

Ascertain the value of equity shares under yield method.

6. State the heading under which the following items are shown in the B/S of the company.
- a) Provision for taxation
 - b) Trade investment



- c) Bills payable
- d) Goodwill
- e) Debentures
- f) Bank overdraft.

SECTION – C

Answer **any three** questions. **Each** question carries **fourteen** marks. **(3×14=42)**

7. Brave Ltd., issued 6,00,000 equity shares of ₹ 10 each at a discount of 10% for Public Subscription.

The issues was underwritten by the underwriters as follows :

A – 2,00,000 shares (Firm underwriting 40,000 shares)

B – 1,50,000 shares (Firm underwriting 20,000 shares)

C – 1,00,000 shares (Firm underwriting 15,000 shares)

D – 1,50,000 shares (Firm underwriting 25,000 shares)

The total applications excluding firm underwriting but including marked applications were received for 4,80,000 shares. The marked applications were as under :

A – 1,30,000 shares B – 80,000 shares

C – 50,000 shares D – 80,000 shares.

Calculate the net liability of each underwriter treating :

- i) Firm underwriting as marked application.
- ii) Firm underwriting as unmarked application.



8. Akash Co. Ltd., took over the business of Karanth Ltd., on 1-4-2022 and it was incorporated on 1-7-2022. The Co., closes its books of accounts on 31-3-2023.

The P and L A/c of Akash Co., Ltd on 31-3-2023 was as follows :

Particulars	₹	Particulars	₹
To Salaries and wages	95,000	By Gross Profit	3,50,000
To General exp	32,000	By Bad Debts recovered	10,000
To Carriage outward	8,000	By Income from investment	5,000
To insurance	12,000		
To Rent paid	34,000		
To Discount allowed	9,500		
To Bad Debts	15,000		
To Interest to vendors (31-12-22)	25,000		
To Selling Exp	22,000		
To Director Exp	18,500		
To Depreciation	19,500		
To Int on Debentures	6,880		
To Preliminary Exp written off	3,500		
To Auditors fees	6,000		
To Net Profits	58,120		
	3,65,000		3,65,000

Additional Information :

- a) The average monthly sales after incorporation was twice the average monthly sales before incorporations.
- b) Bad debts of ₹ 8,000 related only to the period after 1-9-2022 and the balance related to the sales made upto 30-9-22.

Prepare a statement of profit and loss before and after incorporation.

9. Balance Sheet of Shine Co. Ltd., as on 31-3-2022 is as under :

Liabilities	₹	Asset	₹
10,000 equity shares of ₹100 each	10,00,000	Fixed Asset	10,00,000
5000, 15% preference share of ₹ 100 each	5,00,000	Stock	2,50,000
General reserve	1,00,000	Debtors	3,50,000
P/L A/c	1,20,000	Cash at Bank	4,00,000
Sundry Creditors	2,80,000		
	20,00,000		20,00,000

The profit of the company before taxation at 30% and the rates of dividend declared during the last 5 years are as follows.

Years	Profit before tax	Rate of dividend
2017 - 18	2,55,000	9%
2018 - 19	3,20,000	11%
2019 - 20	3,80,000	11%
2020 - 21	3,60,000	12%
2021 - 22	3,85,000	12%

You are required to find out the value of goodwill at 5 years purchase of super profit of the company.

10. The following is the B/S of Trick Ltd. Co., on 31-3-2023.

Liabilities	₹	Asset	₹
5000 equity shares of ₹ 50 each	2,50,000	Land and Building	1,50,000
General Reserve	80,000	Plant and Machinery	1,20,000
P/L A/c	45,000	Patents	30,000



Sundry Creditors	1,50,000	Stock	55,000
Bills Payable	25,000	Debtors	95,000
		Cash at Bank	75,000
		Preliminary Exp	25,000
	5,50,000		5,50,000

Additional Information :

- i) An independent valuer valued the asset of the Co., as under :
Land and Building ₹ 2,25,000, Plant and Machinery ₹ 1,50,000, Goodwill ₹ 75,000, Patents ₹ 20,000, Stock and Debtors ₹ 1,40,000.
- ii) The Profits of the Co., after taxation have been as follows. 2019 – 20, ₹ 1,10,000, 2020 – 21 ₹ 1,00,000, 2021 – 22 ₹ 1,20,000.
- iii) The Co., follows a practice of transferring 20% of its Profits to general reserve.
- iv) Normal rate of return is 15%.

Ascertain the value of shares under :

- a) Intrinsic value method
- b) Yield value method and
- c) Fair value method.

11. Following is the Trial Balance of Crystal Ltd., as on 31-3-2023.

Particulars	Dr. (₹)	Cr. (₹)
Equity Share Capital		8,00,000
General Reserve		1,80,000
Surplus A/c		2,85,500
Sundry Creditors		75,000
Bills Payable		25,000
Sales		21,00,000
Purchase Return		15,000
Discount Received		12,500



Provision for doubtful debts		7,000
Land and building	4,00,000	
Plant and Machinery	10,00,000	
Investment	1,60,200	
Furniture	50,000	
Patents	40,000	
Sundry Debtors	95,000	
Bills Receivable	30,000	
Cash at Bank	2,55,000	
Opening Stock	3,70,000	
Purchases	8,40,000	
Wages	80,000	
Carriage Inwards	10,000	
Salaries	98,000	
Rent	30,000	
Trade Exp	15,000	
Bad Debts	12,800	
Discount allowed	14,000	
	35,00,000	35,00,000

Additional Information :

- Stock on 31-3-2023 ₹ 5,00,000.
 - Depreciate : land and Building @ 10%, Plant and Machinery @ 12%, Furniture @ 10% and Patents @ 20%.
 - Provide for income tax at 35% and CDT @ 20.3576%.
 - The board of director recommended a dividend of 25%.
- Prepare final A/c's of the Co., as per Co., Act, 2013.