



III Semester B.Com. Degree Examination, March/April 2023
(NEP) (2022 – 23 and Onwards) (Freshers)

COMMERCE

Paper – 3.1 : Corporate Accounting

Time : 2½ Hours

Max. Marks : 60

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

SECTION – A

1. Answer **any six** sub-questions. **Each** sub-question carries **2** marks. (6×2=12)
- a) State any two types of share capital.
 - b) What is partial underwriting ?
 - c) Give the meaning of intangible assets.
 - d) Mention any four factors influencing goodwill.
 - e) State any two features of Brand.
 - f) Mention any two circumstances under which shares are valued.
 - g) How do you ascertain the value of Warrants ?
 - h) How do you treat advance tax paid in financial statement of companies ?

SECTION – B

Answer **any three** questions. **Each** question carries **4** marks. (3×4=12)

2. Sky Ltd. made an issue of 1,00,000 equity shares of Rs. 10 each. Payable Rs. 5 on application and Rs. 5 on allotment. All the shares are subscribed and amounts duly received. Pass journal entries to give effect to these.
3. A company issued 1,00,000 shares valued at 100 per share. The shares were underwritten as follows : X : 30,000 shares, Y : 50,000 shares. The public applied for 70,000 shares. Determine the liability of X, Y, and the company.
4. The net profits of a company for the past 5 years are 2017-18 Rs. 80,000, 2018-19 Rs. 90,000, 2019-20 Rs. 94,000, 2020-21 Rs. 80,000 and 2021-22 Rs. 96,000. The Capital employed in the business is Rs. 8,00,000 on which a reasonable rate of return of 10% is expected. Calculate the value of goodwill of the company under the capitalization of average profits method.



5. The following is the Balance Sheet of MARIA Trading Co. Ltd. as on 31-03-2022 :

Liabilities	Rs.	Assets	Rs.
1000, 6% Preference shares of Rs. 10 each	10,000	Buildings	27,500
4000 Equity shares of Rs. 10 each	40,000	Machinery	32,500
Reserve Fund	25,000	Patents	5,000
Profit and Loss account	8,000	Sundry debtors	20,000
Sundry creditors	32,000	Other current assets	30,000
	1,15,000		1,15,000

- 1) The value of machinery was under depreciated by Rs. 2,500 and value of Building is Rs. 65,000 and Goodwill is Rs. 10,000.
 - 2) Rs. 3,000 worth of debts are bad.
 - 3) The preference shares have priority for capital payment.
- Calculate the intrinsic value of both types of shares.

6. Under what notes (Heading) do you show the following items in the financial statements of Companies.

- a) Provision for taxation
- b) Live stock
- c) Work-in-progress
- d) Bills payable
- e) Debentures.

SECTION – C

Answer **any three** questions. **Each** question carries **12** marks.

(3×12=36)

7. The Bharath Trading Company Ltd. with a registered capital of Rs 2,00,000 issued 10,000 equity shares of Rs. 10 each. Payable Rs. 3 on Application, Rs. 2 on allotment, Rs. 3 on first call and Rs. 2 on final call. All the shares were subscribed and the money duly received except the first call on 1,000 shares and final call on 2,000 shares. Give the Journal entries.
8. Nikhil Ltd. invited applications from the public for 2,50,000 shares of Rs. 10 each. Entire issue was underwritten by underwriters. A, B, C and D to the extent of 30%, 25%, 25%, 20% with the provision of firm underwriting of 8,000 shares, 12,000 shares, Nil shares and 30,000 shares respectively. The underwriting contract provides that underwriters be given credit for firm applications. The company received applications for 1,80,000 shares excluding firm underwriting, including marked applications out of which marked applications were as under :



A – 48,000 shares

B – 40,000 shares

C – 24,000 shares

D – 48,000 shares

Prepare a statement showing the net liability of underwriter.

9. Following is the Balance Sheet of Shakthi Ltd. as on 31-3-2022.

Liabilities	Amt. (Rs.)	Assets	Amt. (Rs.)
Share capital	15,00,000	Fixed assets	10,00,000
Reserves and surplus	3,75,000	Current assets	12,50,000
Creditors	6,25,000	Investments	2,50,000
	25,00,000		25,00,000

The investments are 8% Government Bonds. The net profit after taxation for the past 4 years were : Rs. 3,92,500, Rs. 4,22,500, Rs. 4,25,000 and Rs. 4,30,000 respectively. Normal rate of return on average capital employed is 20%. Calculate goodwill at 3 years purchase of super profits.

10. Compute the value-of shares by :

i) Net asset method.

ii) Yield method from the following assets and liabilities of a limited company as on 31-12-2022.

Liabilities	Amount (Rs.)	Assets	Amount (Rs.)
40,000 shares of Rs.10 each	4,00,000	Goodwill	25,000
Reserve fund	50,000	Fixed assets	5,00,000
Surplus	25,000	Current assets	2,00,000
5% Debentures	50,000		
Creditors	1,50,000		
Provision for tax	50,000		
	7,25,000		7,25,000

On 31-12-2022 fixed assets were valued at Rs. 6,00,000 and goodwill at Rs. 37,500. The net profits for the last three years were Rs. 37,500, Rs. 39,000 and Rs. 43,500 of which 20% was placed to reserve. The rate of return is 10%.



11. From the following trial balance prepare Final Accounts of Nischal trading Company for the accounting period ending on 31st March 2022.

Particulars	Dr. (Rs.)	Cr. (Rs.)
Sales	—	3,27,000
General reserve	—	6,000
Opening inventories	29,200	—
Trade payable	—	12,945
Purchase of goods	1,16,040	—
Depreciation on tangible assets	7,750	—
Trade receivables	42,500	—
Salary expenses	49,235	—
Provision for Bad and Doubtful debts	—	2,500
Cash and cash equivalents	17,750	—
Tangible assets	77,500	—
Freight	24,440	—
Amortizations on tangible assets	9,250	—
Sundry expenses	21,430	—
Share capital (Equity shares of 100 each)	—	1,25,000
Profit and Loss A/c	—	3,500
Preliminary expenses	10,000	—
Power and Fuel	27,100	—
Bad debts	1,750	—
Intangible assets	43,000	—
Total	4,76,945	4,76,945

Adjustments :

- Closing inventories Rs. 14,440.
- Create provision for taxation at 30%.
- Write-off 1/5th of preliminary expenses.
- Write-off Rs. 1,250 as bad debts and maintain PBDD @ 10% on debtors.
- Directors proposed dividend of 15%.