



III Semester B.B.A. Examination, March/April 2022
(CBCS) (2021-22 and Onwards) (Fresh)
BUSINESS ADMINISTRATION
Paper – 3.3 : Corporate Accounting

Time : 3 Hours

Max. Marks : 70

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

SECTION – A

Answer **any five** of the sub-questions. **Each** sub-question carries **2** marks. **(5×2=10)**

1. a) What is the entry for transfer of Divisible Profits to Capital Redemption Reserve Account ?
- b) Give the meaning of Super Profit.
- c) What are Bonus shares ?
- d) Given, closing capital Rs. 5,00,000 and net profit for the current year is Rs. 2,25,000, what is the average capital employed ?
- e) What do you mean by unclaimed dividend ?
- f) What is contingent liability ?
- g) Distinguish between capital profit and revenue profit.

SECTION – B

Answer **any three** questions. **Each** question carries **5** marks. **(3×5=15)**

2. What is Divisible Profit ? State any four divisible profits.
3. The following particulars are available in respect of the business carried on by X Ltd.
 - a) Profits earned by X Ltd. 2018-2019 Rs. 4,80,000, 2019-2020 Rs. 5,00,000 and 2020-2021 Rs. 5,20,000.
 - b) Profits of 2019-2020 is reduced by Rs. 50,000 due to stock destroyed by the fire and profits of 2018-2019 included a non-recurring income of Rs. 30,000.
 - c) Fair remuneration to the proprietor is Rs. 30,000 p.a. You are required to compute the value of goodwill on the basis of 2 years purchase of average profits of the last three years.

P.T.O.



4. On 31st March 2021, the Balance Sheet of MN Ltd. disclosed the following position.

Liabilities	Rs.	Assets	Rs.
Issued Capital (Rs. 10 each)	4,00,000	Fixed Assets	5,00,000
Reserves and Surplus	1,10,000	Current Assets	2,00,000
Debentures	1,00,000	Goodwill	40,000
Current liabilities	1,30,000		
	7,40,000		7,40,000

On 31st March 2021, the fixed assets were independently valued at Rs. 3,50,000 and the Goodwill at Rs. 50,000. Ascertain the intrinsic value of shares.

5. Under which heading and sub-heading will the following items appear in the Balance Sheet of a company as per Schedule III, Part-I of the Companies Act, 2013 ?
- Capital Reserve
 - Goodwill
 - Bills Payable
 - Bills Receivable
 - Loose Tools
 - Provision for Tax.
6. Calculate the cost of control from the following : P Ltd., acquired 75% of equity shares in Q Ltd., on 1-10-2020 at 50% premium. The following balances are extracted from the Balance Sheet of Q Ltd., as on 31-3-2021.
- Share Capital 20,000 equity shares of Rs. 10 each.
 - Balances as on 1-4-2020. General Reserve Rs. 50,000. Profit and Loss Account Rs. 10,000.
 - Net profit for the year 2020-2021 Rs. 80,000.

SECTION - C

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

(3×12=36)

7. The Balance Sheet of Surya Company Ltd., as on 31-3-2021.

Liabilities	Rs.	Assets	Rs.
50,000 – 9% Redeemable preference shares of Rs. 10 each	5,00,000	Sundry Assets	23,00,000
1,00,000 equity shares of Rs. 10 each	10,00,000	Cash at Bank	3,00,000
Creditors	7,50,000		
Profit and Loss Account	3,50,000		
	26,00,000		26,00,000

- i) The Redeemable Preference shares were redeemed at a premium of 5%. The profits available being not sufficient to redeem the whole issue, the company issued 25,000 equity shares of Rs. 10 each at par, which were duly taken up and paid for.
- ii) The company decided to utilize the Capital Redemption Reserve for issuing equity shares as Bonus Shares to the old equity shareholders.

Pass necessary Journal Entries and prepare Balance Sheet after Redemption in vertical format.

8. The following is the Balance Sheet of AB Ltd., as on 31-03-2021.

Liabilities	Rs.	Assets	Rs.
10,000 equity shares of Rs. 20 each fully paid	2,00,000	Land and Building	1,68,000
Profit and Loss A/c	40,000	Plant and Machinery	1,20,000
		Furniture	10,000



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Pass necessary Journal Entries and prepare Balance Sheet after Redemption in vertical format.

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Profit and Loss A/c	40,000	Plant and Machinery	1,20,000
		Furniture	10,000



Debentures	30,000	5% Tax-free	
Trade Creditors	40,000	Government Bonds	20,000
Provision for tax	18,000	Stock	24,000
Proposed Dividend	30,000	Debtors	12,000
		Cash	4,000
	3,58,000		3,58,000

The net profits of the company after charging depreciation and taxes were as follows :

2016-17	Rs. 34,000
2017-18	Rs. 38,000
2018-19	Rs. 36,000
2019-20	Rs. 40,000
2020-21	Rs. 38,000

On 31st March 2021, Land and Building were re-valued at Rs. 1,90,000, Plant and Machinery at Rs. 1,42,000 and Furniture at Rs. 8,000. 10% represents a fair rate of return on investment in the company. Find out the value of goodwill.

- i) Five years purchase of Average Super Profits for the last five years.
 - ii) Capitalisation of Super Profit Method.
 - iii) Annuity Method, Annuity value of Re. 1 for five years at 10% is 3.78.
9. Following is the Balance Sheet of B Co. as on 31-3-2021.

Liabilities	Amount (Rs.)	Assets	Amount Rs.
Equity share capital of		Goodwill	2,00,000
Rs. 10 each	16,00,000	Other Fixed Assets	24,00,000
Reserve Fund	3,00,000	Current Assets	4,00,000



10% Debentures	4,00,000	
Creditors	4,00,000	
Provisions for Tax	3,00,000	
	30,00,000	30,00,000

On the above date, an independent valuation of goodwill and other fixed assets was made at Rs. 3,00,000 and Rs. 30,00,000 respectively. The net profit of the company for the past 3 years was 2,40,000, 3,05,000 and 2,80,000 of which 20% was placed to Reserve. The NRR is 10%. Calculate the value of a share by

- Net Assets Method
- Yield Method
- Fair Value Method

10. The following are the Balance Sheet of A Ltd., and B Ltd., as on 31st March 2021.

Liabilities	A Ltd.	B Ltd.	Assets	A Ltd.	B Ltd.
Shares of Rs. 10 each	2,00,000	50,000	Fixed Assets	1,95,000	70,000
General Reserve			Investments :		
(1-4-2020)	50,000	20,000	Shares in B Ltd.	60,000	-
P and L A/c Balance			Debtors	35,000	25,000
(1-4-2020)	30,000	7,500	Other current		
Profit for the year			assets	60,000	12,500
2020-2021	50,000	20,000			
Creditors	20,000	10,000			
	3,50,000	1,07,500		3,50,000	1,07,500

- A Ltd., purchased on 1st October 2020, 4000 shares in B Ltd. at Rs. 15 each.
- Creditors of B Ltd., includes Rs. 5,000 due to A Ltd.

Prepare a consolidated Balance Sheet as on 31st March 2021.



11. The following is the Trial Balance of PK Company Ltd. as at 31st March 2021.

Particulars	Dr. (Rs.)	Cr. (Rs.)
Stock on 1 st April 2020	1,50,000	
Sales		7,00,000
Purchases	4,90,000	
Wages	1,00,000	
Discount		10,000
Furniture and Fittings	34,000	
Salaries	15,000	
Rent	9,900	
Sundry expense	14,100	
Profit and Loss Account (1 st April 2020)		30,060
Dividends paid	18,000	
Share capital		2,00,000
Debtors and Creditors	75,000	35,000
Plant and Machinery	58,000	
Cash and Bank	32,400	
Reserves		31,000
Patents and Trade Marks	9,660	
	10,06,060	10,06,060



Additional information :

- i) Stock on 31st March, 2021 was valued at Rs. 1,64,000
- ii) Depreciation on fixed assets at 10%
- iii) Make a provision for taxation @ 50%
- iv) Ignore CDT.

Prepare final accounts of the company.

SECTION – D

Answer **any one** question which carries **9** marks.

(1×9=9)

12. a) List out the conditions to be fulfilled for Redemption of Preference Shares.

OR

- b) Write the format of Balance Sheet of a company as per Schedule III of the Companies Act, 2013