

III Semester B.Com. Examination, February/March 2024
(NEP) (F+R)
COMMERCE

3.1 : Corporate Accounting

Max. Marks : 60

Time : 2½ Hours

Instruction : Answers should be either in Kannada or in English.

SECTION – A

1. Answer any six sub-questions. Each sub-question carries 2 marks. (6×2=12)

- State any two features of brand.
- Who is an underwriter ?
- What do you mean by normal rate of return ?
- What is tax deducted at source ?
- State any four reasons for valuation of shares .
- Pass the journal entry for issue of equity shares at premium.
- State any 4 factors determining the value of Goodwill.
- Give the meaning of marked and unmarked applications.

SECTION – B

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

2. Following are the particulars of Akash Ltd.

Fixed assets – ₹ 8,00,000, current assets – ₹ 5,00,000

Bank overdraft – ₹ 80,000, Goodwill – ₹ 2,00,000

Other current liabilities – ₹ 1,20,000

1,00,000 Eq. shares of ₹ 10 each ₹ 10,00,000

6% debentures ₹ 4,00,000.

The market value of fixed assets is 12% more than the book value and that of current assets is 5% less than book value. There is an unrecorded liability of ₹ 15,000.

Ascertain the value of Eq. shares by net asset method.

P.T.O.



3. Ganesh Co Ltd. issued 50,000 shares of ₹ 10 each. The whole issue was fully under written by A B C and D as follows
A – 20,000 shares, B – 15,000 shares, C – 5,000 shares and D – 10,000 shares.
The company received applications for 45,000 shares of which marked applications were as follows A – 22,000 shares, B – 11,000 shares, C – 1,000 shares and D – 9,000 shares.
Determine the liability of each underwriter.
4. Nagaraj Ltd. agreed to purchase the business of Manjunath for this purpose, Goodwill is to be valued at three years purchase of the average profits of last 4 years adjusted profits.
The profits for the year ending 31-3-2018 to 2021 were ₹ 25,000, ₹ 32,000, ₹ 30,000 and ₹ 26,000 respectively.
The following additional information is available
- On 1-9-2020, a major repair expenditure on plant and machinery of ₹ 10,000 was charged to revenue account. Now it is to be capitalised subject to 10% p.a. depreciation on diminishing balance method for valuation of Goodwill.
 - The closing stock the year ended 31-3-2019 was overvalued by ₹ 5,000.
 - In order to cover cost of management an annual charge of ₹ 6,000 is made for Goodwill purpose. Calculate the value of Goodwill.
5. How do you show the following items while prepare company final accounts ?
- Goods destroyed by fire
 - Calls in arrears
 - Discount on issue of shares
 - Interim dividend.
6. Ashok limited issued 20,000 equity shares of ₹ 10 each pay as follows :
₹ 2 on application, ₹ 4 on allotment
₹ 3 on first call and balance in final call.
All the shares were duly subscribed for the amount were duly received.
Give journal entries in the books of the company only for first call and final calls due and received.

SECTION – C

Answer any three questions. Each question carries 12 marks.

(3×12=36)

7. ABC Co Ltd. issue 1,00,000 equity shares of ₹ 100 each MNO and P underwrites the entire issue in the proportion of 30%, 30%, 20% and 20% respectively. They also apply for firm share applications as follows. M – 3,000 shares, N – 2,000 shares, O – 2,000 shares and P – 3,000 shares. Besides the firm application, the public apply for 60,000 shares of which marked applications are as follows : M – 10,000 shares, N – 6,000 shares, O – 8,000 shares and P – 16,000 shares. Calculate the net liability and total liability of each underwriter treating :
- Firm underwriting as marked applications
 - Firm underwriting as unmarked applications.

8. Following are the Balance Sheet of Dasappa Ltd. as on 31-3-2022. You are required to prepare final accounts of the company as per Amended Act 2013 and after taking additional information into consideration :

Debits	₹	Credits	₹
Premises	30,72,000	Share Capital	40,00,000
Plant	33,00,000	12% Debentures	30,00,000
Stock on 1-4-2021	7,50,000	P & L A/C	2,62,500
Debtors	8,70,000	Creditors	7,70,000
Goodwill	2,50,000	Sales	41,50,000
Bank balance	4,06,500	General Reserve	2,50,000
Calls in arrears	75,000	RDD as on 01-04-2021	35,000
Interim dividend	3,92,500		
Purchases	18,50,000		
Preliminary expenses	50,000		
Wages	9,79,800		
General expenses	68,350		
Salaries	2,02,250		
Bad debts	21,100		
Debenture interest paid	1,80,000		
	1,24,67,500		1,24,67,500

**Additional Information :**

- Closing stock 31-3-2022 is valued at ₹ 10,50,000.
 - Depreciate plant at 15%.
 - Write off ₹ 5,000 from preliminary expenses.
 - Half year debenture interest is due.
 - Transfer ₹ 25,000 to general reserve.
 - Ignore Corporate Dividend Tax (CDT).
9. Following is the Balance Sheet of Sharma Ltd. for the year ended 31-3-2023.

Liabilities		₹	Assets		₹
Share Capital			Buildings		2,00,000
20,000 shares of ₹ 10	2,00,000		Machinery		1,00,000
P & L A/C	2,00,000		Debtors		1,00,000
6% Debentures	1,00,000		Stock		80,000
Creditors	1,00,000		Cash		1,20,000
	6,00,000				6,00,000

Normal rate of return on average capital employed is 10%. Find out the value of Goodwill on the basis of 2 years purchase of super profits. Building is revalued at ₹ 3,50,000 and machinery at ₹ 90,000.

10. On 31-3-2021 the Balance Sheet of SABS Co. Ltd. shows the following position.

Liabilities		₹	Assets		₹
Share Capital (of ₹ 10 each)	16,00,000		Fixed assets		20,00,000
Reserves	2,60,000		Current assets		8,00,000
P & L A/c	80,000		Goodwill		1,60,000
5% Debentures	5,00,000				
Current liabilities	5,20,000				
	29,60,000				29,60,000

On 31-3-2021 fixed assets were revalued at ₹ 18,00,000. The profit for the three years were 2021 - ₹ 2,40,000, 2020 - ₹ 2,20,000, 2019 - ₹ 2,10,000.

Of the above 20% was placed to the reserve account. The fair return on capital employed is at 10%.

Calculate the value of equity shares of a company under a) Net asset method
b) Yield method.

11. Srinivasa Trading Company Ltd. with a registered capital of ₹ 10,00,000. Issued 1,00,000 equity shares of ₹ 10 each. Payable ₹ 3 on application, ₹ 2.50 on allotment, ₹ 2.50 on first call and balance in final call. All the shares were fully subscribed and the money duly received except first call on 5,000 shares and final call on 18,000 shares. Give the journal entries to record the above.