



GN-368

101351

III Semester B.B.A. Examination, December - 2019
(Semester Scheme) (CBCS) (F+R) (2015-16 and Onwards)

BUSINESS ADMINISTRATION
3.3 : CORPORATE ACCOUNTING

Time : 3 Hours

Max. Marks : 70

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

SECTION - A

1. Answer **any five** questions. Each question carries **two** marks. 5x2=10
- (a) What do you mean by Goodwill ?
 - (b) What is meant by Consolidated Balance Sheet ?
 - (c) Mention any two circumstances for valuation of Goodwill.
 - (d) What is a contingent liability ?
 - (e) What is Comparative Income Statement ?
 - (f) Define Holding Company.
 - (g) What is normal rate of return ?

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SECTION - B

- Answer **any three** questions. Each question carries **6** marks. 3x6=18
2. The profits disclosed by Chaitra Ltd. for the past 5 years were as follows :
- | | | |
|------|---|--|
| 2012 | - | ₹ 60,000 (including abnormal profit ₹ 7,500) |
| 2013 | - | ₹ 75,000 (after charging abnormal loss ₹ 10,000) |
| 2014 | - | ₹ 50,000 (excluding ₹ 3,000 insurance premium) |
| 2015 | - | ₹ 70,000 (including ₹ 14,500 income from investments) |
| 2016 | - | ₹ 80,000 (including profit on sale of building ₹ 20,000) |

You are required to calculate Goodwill at 2 years' purchase of Average Profits.

P.T.O.



3. Explain the purposes of preparing reports.

4. Calculate cost of control from the following :

H Ltd. acquired 75% of equity shares in S Ltd. on 1st October, 2014 @ 50% premium. The following balances are extracted from the Balance Sheet of S Ltd. as at 31st March, 2019.

(i) Share capital - 20,000 Equity Shares of ₹ 10 each.

(ii) Balances as on 1st April, 2018

General Reserve - ₹ 50,000

P and L A/c - ₹ 10,000

(iii) Net profit for the year 2018-19 - ₹ 80,000.

5. Prepare a common size Income statement and give your comments.

Particulars	A Co. (₹)	B Co. (₹)
Sales	1,00,000	1,50,000
Administration Expenses	15,000	22,500
Selling Expenses	10,000	17,500
Cost of Goods Sold	60,000	75,000

6. From the following particulars, calculate Reserves and Surplus :

(i) Net Profit before Tax - ₹ 16,75,000

(ii) Provision for Tax - 33.5%

(iii) Transfer to Reserve Fund - 20%

(iv) Share capital :

(a) 30,000, 15% Preference shares of ₹ 100 each.

(b) 30,000 Equity shares of ₹ 100 each, ₹ 75 paid.

(v) Proposed dividend to Equity shareholders - 20%.

(vi) P and L A/c balance brought forward - ₹ 2,00,000.



SECTION - C

Answer any three questions. Each question carries fourteen marks.

3x14=42

7. Following are the Balance Sheets of a concern for the years ending 31st March, 2018 and 2019. You are required to prepare a comparative Balance Sheet and Comment.

Particulars	31 st March, 2018 ₹	31 st March, 2019 ₹
Equity share capital	12,00,000	16,00,000
Reserves & Surplus	6,60,000	4,44,000
Debentures	4,00,000	6,00,000
Long-term Loans on Mortgage	3,00,000	4,00,000
Bills payable	1,00,000	90,000
Sundry creditors	2,00,000	2,40,000
Other current liabilities	10,000	20,000
	28,70,000	33,94,000
Land & Buildings	7,40,000	5,40,000
Plant & Machinery	8,00,000	12,00,000
Furniture & Fixtures	40,000	50,000
Other Fixed Assets	50,000	60,000
Cash in hand and at Bank	40,000	1,60,000
Bills Receivable	3,00,000	1,80,000
Sundry Debtors	4,00,000	5,00,000
Stock	5,00,000	7,00,000
Prepaid Expenses	-	4,000
	28,70,000	33,94,000

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8. The Balance Sheet of X Co. Ltd. as at 31st March, 2019 was as follows :

Liabilities	Amount ₹	Assets	Amount ₹
Equity shares of ₹ 10 each ₹ 8 paid up	8,00,000	Fixed Assets	7,90,000
General Reserve	2,00,000	Goodwill	80,000
P & L A/c	20,000	Current Assets	4,90,000
10% Debentures	1,00,000	Discount on Debentures	10,000
Current Liabilities	2,50,000		
	13,70,000		13,70,000

Additional information :

(a) Fixed Assets and Goodwill were revalued at ₹ 7,50,000 and ₹ 1,00,000 respectively.

(b) Net Profit after tax for the immediately preceding 3 years were ₹ 1,10,000; ₹ 1,05,000 and ₹ 1,45,000 respectively of which 25% was transferred to Reserves.

(c) The fair return in the industry to which the company belongs is considered to be 10%.

Compute the value of the Company's Equity Share by :

(a) Net Assets method

(b) Yield method and

(c) Dual method



9. On 31st March, 2019, the Balance Sheets of H Ltd. and S Ltd. stood as follows :

Liabilities	H Ltd. ₹	S Ltd. ₹	Assets	H Ltd. ₹	S Ltd. ₹
Equity share capital	8,00,000	2,00,000	Fixed Assets	5,50,000	1,00,000
General Reserves	1,50,000	70,000	Investments (75% shares in S Ltd. at cost)	2,80,000	-
P & L A/c	90,000	55,000	Stock	1,05,000	1,77,000
Creditors	1,20,000	80,000	Other current Assets	2,25,000	1,28,000
	11,60,000	4,05,000		11,60,000	4,05,000

Prepare a consolidated Balance Sheet as at 31st Mar, 2019 after taking into consideration the following :

- H Ltd. acquired the shares on 31st July, 2018.
 - S Ltd. earned a profit of ₹ 45,000 for the year ended 31-3-2019.
 - On 1-1-2019, S Ltd. sold to H Ltd. goods costing ₹ 15,000 for ₹ 20,000.
 - On 31-3-2019, half of the above goods were lying unsold in the godown of H Ltd.
10. The Net Profits of a Company before providing for taxation @ 30% and the weights are as follows :

Year	Profit	Weights
2014-15	1,60,000	1
2015-16	1,68,000	2
2016-17	1,80,000	3
2017-18	1,84,000	4
2018-19	1,88,000	5

The present value of assets and liabilities are :

Buildings	-	₹ 12,00,000;	Machinery	-	₹ 6,00,000;
Furniture	-	₹ 2,00,000;	Stock	-	₹ 3,00,000;
Debtors	-	₹ 1,00,000;	Cash & Bank	-	₹ 50,000;
Debentures	-	₹ 5,00,000;	Creditors	-	₹ 3,00,000;
Bills payable	-	₹ 80,000;	Bank Loan	-	₹ 7,70,000;

Normal Rate of Return is 10%.

You are required to calculate Goodwill under the following methods :

- 2 years purchase of simple Average profits
- 2 years purchase of weighted Average profits
- 3 years purchase of super profits.

P.T.O.



11. From the following Trial Balance and Adjustments given, prepare Final A/c of S Ltd. as on 31st March, 2019.

Particulars	Debit ₹	Credit ₹
Share capital	-	2,00,000
Stock on 1-4-2018	1,71,000	-
Purchases & Sales	2,00,000	3,10,000
Returns	3,800	-
Trade Expenses	1,800	-
Wages	12,000	-
Salaries	18,700	-
Travelling Expenses	3,200	-
Advertising	1,550	-
Rates & Taxes	4,900	-
Discount	-	2,200
Bank Interest	650	-
Bad Debts	2,700	-
Freehold premises	95,000	-
Plant & Machinery	95,000	-
Debtors & Creditors	48,000	50,000
Secured Loans	-	80,500
Cash	1,400	-
Reserve Fund	-	20,000
Preliminary Expenses	11,300	-
P & L A/c (1-4-2018)	-	8,300
	6,71,000	6,71,000

Adjustments :

- Provide ₹ 20,000 for taxation
- Dividend @ 10% is proposed
- Transfer ₹ 20,000 to Reserve Fund and write off preliminary expenses by 10%
- Salary outstanding ₹ 3,000
- Closing stock on 31st March, 2019 was valued at ₹ 38,000