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III Semester B.Com. (Regular)/A&F/L.S.C.M./B.D.A./T&T.M./I&A.S.)

Degree Examination, December/January- 2025/26

COMMERCE

Corporate Accounting

(NEP Scheme Repeaters 2022-23 Onwards)

Paper : 3.1

Time : 2½ Hours

Maximum Marks : 60

*Instructions to Candidates:**Answers to be written in English only.*

SECTION - A

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

1. a) What do you mean by underwriting?
b) Distinguish between complete and partial underwriting.
c) What is weighted ratio?
d) Define the term goodwill.
e) Mention any two factors influencing the valuation of shares
f) What are the methods of valuing of shares?
g) Mention any two items that are shown under Non - current liabilities in the balance sheet of a company.



SECTION - B

Answer any Four of the following questions. Each question carries 5 marks.

(4×5=20)

2. Mention the circumstances in which there may be a need for the valuation of shares of a company.
3. A company issued 50,000 equity shares of Rs. 100 each. A,B,C and D underwriting the entire issue 40%, 30%, 20%, 10%. The firm underwriting is as follows :
A : 1,500 shares, B : 1,000 shares C: 1,000 shares D: 1,500 shares.
Excluding the firm underwriting, the public applied for 30,000 shares. Marked applications were:
A : 5,000 shares, B : 3,000 shares, C : 4,000 shares and D : 8,000 shares.
Determine the liability of A,B,C and D.

[P.T.O.]





4. SS Ltd. was incorporated on 1-7-2022 to take over the running business of M/s. SK and Co, with effect from 1-4-2022. The company closes its accounts on 31-3-2023. There were 50 employees during the pre - incorporation period and it was increased to 70 during the post incorporation period. Average monthly sales during pre - incorporation period was Rs. 1,00,000 and the average monthly sales of post incorporation period was Rs. 2,50,000.

Prepare a statement showing how the following expenses are allocated between pre and post incorporation periods :

Rent - Rs. 96,000; Salary - Rs. 3,12,000; Salesmen Commission - Rs. 1,02,000 and Directors' fees - Rs. 25,000.

5. From the following, Calculate the value of Assets an equity shares :

Liabilities	Amount (Rs.)	Assets	Amount (Rs.)
Equity shares of 10 each	2,00,000	Goodwill	1,50,000
General reserve	2,50,000	Non - Trading investments	3,00,000
P & LA/c	30,000	Current Assets	50,000
Unsecured loans	80,000	Loans and Advances	70,000
Other liabilities	20,000	Underwriting Commission	10,000
Total	5,80,000	Total	5,80,000

For the purpose of valuation of shares Goodwill shall be taken at 2 years' purchase of the average profits of the last 5 years. The profits were Rs. 60,000, Rs. 70,000; Rs. 40,000; Rs. 50,000 and Rs. 50,000 respectively.

6. Under which heading and sub - heading will the following items appear in the Balance Sheet of a company as per the Schedule III, Part - 1 of the Companies Act 2013?
- Bills payable
 - Bills Receivable
 - Trade marks
 - Work - in - progress
 - Pre - paid insurance.

SECTION - C

Answer any Two of the following questions. Each question carries 12 marks. (2×12=24)

7. The following information is given :
- Average capital employed : Rs. 37,500; Normal rate of return of profits 8% ; Present value of annuity of Rs. 1 after 5 years at 10% : 3.78.
- Net profit for the 5 years :
- 2020-Rs. 3,600, 2021-Rs. 3,850, 2022-Rs. 4,225, 2023-Rs. 4,350 and 2024 - Rs. 4,475.
- The profit included non - recurring profit on an average basis of Rs. 250 out of which it was deemed that even non - recurring profit had a tendency of appearing at the rate of Rs. 150 per annum.
- You are required to calculate goodwill as per
- 5 years purchase of Super Profit Method.
 - Capitalization of Super Profit Method
 - Annuity Method.



8. Nischal Ltd. issued 2,50,000 shares of Rs. 10 each which was under written as follows :
- Mr. A : 75,000 shares (Firm underwriting 8,000 shares)
 Mr. B : 62,500 shares (Firm underwriting 12,000 shares)
 Mr. C : 62,500 shares (Firm underwriting nil)
 Mr. D : 50,000 shares (Firm underwriting 30,000 shares)
- The total application excluding firm underwriting but including marked applications were 1,80,000 shares.

Marked applications were :

A : 40,000 B : 36,000 C : 24,000 D: 48,000.

Calculate the liability :

- a) Firm underwriting as marked applications
 b) Firm underwriting as unmarked applications.
9. Following is the Trial Balance of Metro Company Ltd. as on 31st March 2025. The company has 20,000 shares of Rs. 100 each as registered capital.

Particulars	Amount (Rs.)	Particulars	Amount (Rs.)
Calls - in - Arrears	16,000	Shares (2,000 shares of Rs. 100 each)	2,00,000
Buildings	80,000	Reserve fund	2,50,000
Wages	30,000	Fixed deposits	1,00,000
Machinery	89,000	Sales	5,25,000
Furniture	80,000	Creditors	1,50,000
Purchases	2,10,000	B/P	90,000
Salary	60,000	Returns	20,000
Debtors	2,20,000	Profit and loss account	27,000
B/R	61,000	Debentures	1,00,000
Directors fees	20,000		
Returns	15,000		
Freight	10,000		
Manufacturing expenses	5,000		
Opening stock	65,000		
Interim Dividend	25,000		
Audit fees	15,000		
Tools	38,000		
Preliminary expenses	60,000		
Interest on debentures	14,000		
Investments	2,50,000		
Goodwill	52,000		
Insurance and taxes	20,000		
Printing and stationery	15,000		
Cash and Bank balances	12,000		
Total	<u>14,62,000</u>	Total	<u>14,62,000</u>

[P.T.O.]

**Adjustments :**

- a) Directors proposed a total dividend of 25%. (Ignore CDT)
- b) Write off 25% of Preliminary expenses and 10% of goodwill.
- c) Depreciate Buildings by 2% and Furniture by 5%
- d) Transfer Rs. 60,000 to Reserve Fund.
- e) Insurance prepaid Rs. 1,500
- f) Closing Stock Rs. 80,000

Prepare Trading and profit and Loss Account and Balance Sheet.

SECTION - D

Answer any One of the following question. The question carries 6 marks. (1×6=6)

10. Calculate the intrinsic value of shares under Net Assets Method with Imaging figures.
11. Name the list of Indian companies which have issued IPO.