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DCBC311

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III Semester B.Com. (Regular)(A&F)/L.S.C.M./B.D.A./T.T.M./FinTech
Degree Examination, December/January - 2025/26

COMMERCE**Corporate Accounting
(SEP 2025-26 Scheme)****Paper : 3.1****Time : 3 Hours****Maximum Marks : 80****Instructions to Candidates:**

Answers should be written completely in English.

**SECTION - A**

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

1. a) Write the meaning of pure underwriting.
- b) What is underwriting commission?
- c) Mention any four expenses apportioned on sales ratio.
- d) Name any two expenses which are to be completely charged to post incorporation period.
- e) What is cat goodwill?
- f) Write any two circumstances necessary for the valuation of goodwill.
- g) State the different methods of valuation of shares.
- h) Name any four intangible assets.

SECTION - B

Answer any Four of the following questions. Each question carries 5 marks.
(4×5=20)

2. A company issued 20,000 shares of Rs. 10 each for public subscription. These shares were underwritten as below:

[P.T.O.]



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Particulars	Amount	Particulars	Amount
To Commission (Sales)	2625	By Gross profit	98,000
To Advertising	5250	By bad debts recovered	500
To Managing Director's Remuneration	9,000		
To Depreciation	2,800		
To Salaries	18,000		
To Insurance	600		
To Preliminary Expenses written off	700		
To Rent and Taxes	3,000		
To Discount	350		
To Bad Debts	1,250		
To Net Profit	54,925		
Total	98,500	Total	98,500

Additional Information:

- The Average Monthly Sales after incorporation were twice the earlier Average Monthly Sales.
- Rent was paid for the first three months at Rs. 200 per month, and was increased by Rs. 50 per month for the balance of the period.
- Bad debts of Rs. 350 related only to the period after 1st September 2024 and the balance related to the sales made up to 1st September 2024.
- Bad debts realized belong to the debts, which were written off during 2023-24.

Prepare statement showing the profits before and after incorporation of the company.

10. The following is the Balance Sheet of PQR Ltd., as on 30th April 2024:

Assets	Rs.
Fixed assets	1,80,000
Current assets	2,44,080
Investment in shares	60,000
	4,84,080
Liabilities	Rs.
Creditors	76,080
Capital	3,28,000
Reserve	80,000
	4,84,080





(5)

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The following is the net profits after tax for the past 4 years:

2021 - Rs. 64,000.

2022 - Rs. 72,000

2023 - Rs. 86,000

2024 - Rs. 90,000

Normal rate of return is 8%. Calculate goodwill based on

- 3 years purchase of super profits based on weighted average.
- Capitalization of super profits.
- Average capital employed should be taken as basis for calculation.
- Profit includes income from investments to the extent of Rs. 4,000.

11. Following is the Balance Sheet of Suryakanth Ltd., as on 31.03.2024.

Liabilities	Amount	Assets	Amount
Share capital (Rs. 10 each)	16,00,000	Fixed assets	20,00,000
Reserves	3,60,000	Current assets	8,00,000
Profit and Loss A/c	80,000	Goodwill	1,60,000
5% debentures	4,00,000		
Current liabilities	5,20,000		
	29,60,000		29,60,000

On 31st March 2024, fixed assets were revalued at Rs. 14,00,000 and the goodwill at Rs. 2,00,000. The net profits for the three years were: 2021-22- Rs. 2,06,400, 2022-23- Rs. 2,08,000, 2023-24- Rs. 2,06,600 of which 20% was placed under reserve, this proportion being considered reasonable in the industry in which the company is engaged and where a fair investment return may be taken at 10%.

Compute the value of the company's shares by

- (a) Net assets method,
- (b) Yield method and
- (c) Fair value method.

[P.T.O.]

