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III Semester B.Com.(Regular/A&F/LSCM/DA/TT/I&AS Degree Examination,  
February/March - 2024

**COMMERCE**

**Corporate Accounting**

**(CBCS-NEP Scheme Freshers/Regular)**

**Paper : 3.1**

**Time : 2½ Hours**

**Maximum Marks : 60**

**Instructions to Candidates:**

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

**SECTION - A**

**Answer any FIVE sub-questions. Each Sub-question carries 2 marks. (5×2=10)**

1. a) State any four factors affecting the value of shares.
- b) Give the meaning of 'Profit Prior to Incorporation'.
- c) What is Time Ratio?
- d) Define Goodwill.
- e) What is meant by underwriting?
- f) Given General Reserve of a company Rs. 3,20,000; surplus in statement of profit and Loss Account Rs. 1,38,200 and preliminary expenses written off Rs. 12,400. Determine the amount that is shown under the head Reserves and Surplus in Balance Sheet of that company.
- g) Mention any two items that are shown under Non-current liabilities in a Balance Sheet of a company.



**SECTION - B**

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

2. What are the factors that determine the value of goodwill of a company?
3. A Ltd issued 5,00,000 equity shares. The whole of the issue was under written as follows: X - 40%; Y-30%; and Z-30%. Applications for 4,00,000 shares were received, out of which applications for 1,00,000 shares had the stamp of X; those for 50,000 shares that of Y; and 1,00,000 shares that of Z. The remaining applications for 1,50,000 shares did not bear any stamp. Show the liability of the underwriters.

**[P.T.O.]**



4. Given the market value of assets of a company as at the financial year end is Rs. 26,90,000, while 6% Debentures - Rs. 5,00,000, Sundry Creditors-Rs.8,50,000 and interest on debentures due-Rs. 30,000. Determine the intrinsic value of 1,50,000 equity shares of Rs. 10 each.
5. A company was incorporated on 30-09-2022 to acquire the business of Kumar as on from 01-04-2022. The accounts for the year ended 31-03-2023 disclosed the following:
- There was gross profit of Rs. 4,80,000
  - The sales for the year amounted to Rs. 24,00,000 of which Rs. 10,80,000 were for the first six months.
  - The expenses charged to Profit and Loss Account included Director's fees Rs. 30,000, Bad debts Rs. 7,200, advertising Rs. 24,000 (under a contract amounting to Rs. 2,000 p.m), Salaries and general expenses Rs. 1,28,000, Preliminary Expenses written off Rs. 10,000 and Donation to Political Party given by the company Rs. 10,000. Prepare a statement showing the amount of Profit before and after incorporation.
6. The profits disclosed by Oasis Ltd for the past 3 years were as follows:
- 2020-21 - Rs. 4,00,000 (including abnormal profit Rs. 50,000)  
2021-22 - Rs. 5,00,000 (after charging abnormal loss Rs. 1,00,000)  
2022-23 - Rs. 4,50,000 (excluding Rs. 50,000 insurance premium)
- You are required to calculate the value of goodwill at 2 years purchase of average profits.

### SECTION - C

**Answer any TWO of the following questions. Each question carries 12 marks.**

(2×12=24)

7. The Net Profit of a business, after providing for taxation, for the past five years are: Rs. 8,00,000, Rs. 8,50,000, Rs.9,20,000, Rs. 10,50,000 and Rs. 11,80,000. The capital employed in the business is Rs. 80,00,000. The normal rate of return expected in this type of business is 10% . It is expected that the company will be able to maintain its super-profit for the next 5 years. Calculate the value of goodwill on the basis of:
- 5 years purchase of super-profit method,
  - Annuity method, taking the present value of annuity of Re. 1 for five years at 10% as 3.78 , and
  - Capitalization of super-profit method.
8. Qaid company Ltd issued 6,00,000 shares of Rs. 10 each. These shares were underwritten as follows: A - 3,60,000 shares; B - 1,50,000 shares ; and C - 90,000 shares. In addition, there was a firm underwriting as follows: A-48,000 shares; B-18,000 shares ; and C-60,000 shares.
- Total Subscription received by the company (excluding firm underwriting and marked applications) were 90,000 shares, marked applications were: A-60,000 shares; B-1,20,000 shares; and C-30,000 shares.



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- Determine liability of underwriters treating firm underwriting as unmarked applications.
9. Following is the Balance sheet of sun Ltd as on 31-03-2023.

Liabilities	Rs.	Assets	Rs.
Equity shares of Rs. 10 each	32,00,000	Goodwill	4,00,000
Reserves and Surplus	6,00,000	Fixed Assets	48,00,000
10% Debentures	8,00,000	Current Assets	8,00,000
Creditors	8,00,000		
Provision for tax	6,00,000		
	<b>60,00,000</b>		<b>60,00,000</b>

On the above date, an independent valuation of goodwill and other fixed assets was made at Rs. 6,00,000 and Rs. 60,00,000 respectively. Current assets include Debtors of Rs. 4,00,000 out of which 15% is bad. The net profits of the company for the past 3 years were Rs. 4,80,000, Rs. 5,60,000 and Rs. 6,10,000 of which 20% was placed as reserve. The normal rate of return is 10%. Calculate the intrinsic value of shares by Net Assets Method and Yield Method.

#### SECTION - D

Answer any ONE of the following question carrying 6 marks.

(1×6=6)

10. From the following Balance sheet and information of AK Limited, compute the value of shares by net assets method.

Balance Sheet			
Liabilities	Rs.	Assets	Rs.
8,00,000 shares of Rs. 10 each	80,00,000	Goodwill	5,00,000
Reserve Fund	10,00,000	Fixed Assets	1,00,00,000
P and L Account	5,00,000	Current Assets	40,00,000
5% Debentures	10,00,000		
Creditors	30,00,000		
Provision for tax	10,00,000		
	<b>1,45,00,000</b>		<b>1,45,00,000</b>

On 31-03-2023 the fixed assets were valued at Rs. 1,20,00,000 and Goodwill at Rs. 7,50,000.

11. Prepare the statement of profit and Loss Account of a company in the prescribed form with imaginary figures.