



III Semester B.Com. Examination, February/March 2024  
(NEP – Freshers and Repeaters)  
COMMERCE  
Paper – 3.1 : Corporate Accounting

Time : 2½ Hours

Max. Marks : 60

**Instruction :** Answers should be written completely either in **English** or in **Kannada**.

SECTION – A

1. Answer **any five** sub-questions. **Each** question carries **two** marks. (5×2=10)
- What is underwriting commission ?
  - What are preference shares ?
  - What do you mean by Profit and Loss Appropriation Account ?
  - What is goodwill ?
  - What are marked applications ?
  - State the methods of valuation of goodwill.
  - What do you mean by redemption of preference shares ?



SECTION – B

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

2. Ramesh and Company Ltd. issued 10,000 shares of 10 each. These shares were underwritten as follows.  
X – 5,000 shares, Y – 3,000 shares. The public applied for 8,000 shares, which included marked applications as follows. X – 1,200 shares, Y – 300 shares. Prepare a statement of underwriter's liability.
3. A Company had 10,000, 6% Redeemable preference shares of Rs. 100 each fully paid. These shares were due for redemption on 31-3-2023 at a premium of 10%. To carry out the redemption the company issued 5,000 equity shares of Rs. 100 each at a premium of 10%. The company had balance of Rs. 1,00,000 in securities premium account and Rs. 9,75,000 in Profit and Loss A/c. Pass necessary journal entries.



4. State the factors affecting the value of goodwill.
5. From the following information, calculate the value of goodwill under capitalization of super profit method.
  - 1) Average capital employed : Rs. 8,70,000
  - 2) Net profits of the firms for the past 3 years were : Rs. 1,22,000, Rs. 98,500 and Rs. 1,75,500
  - 3) Managerial remuneration if employed elsewhere Rs. 18,000 p.a.
  - 4) Normal rate of return 8%.
6. Explain various types of preference shares.

## SECTION – C

Answer **any three** questions. **Each** question carries **ten** marks. **(3×10=30)**

7. Chandan Ltd. issued 2,50,000 shares of Rs. 10 each which was underwritten 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 applications excluding firm underwriting but including marked applications were for 1,80,000 shares. The marked applications were as under. Mr. A – 40,000 shares, Mr. B – 36,000 shares : Mr. C – 24,000 shares and Mr. D – 48,000 shares. Calculate the net liability of each underwriter treating firm underwriting as marked application.

8. Following is the Balance Sheet of Bhoomika Ltd. as at 31-03-2023.

<b>Liabilities</b>	<b>Rs.</b>	<b>Assets</b>	<b>Rs.</b>
Preference shares of		Fixed assets	18,50,000
Rs. 100 each fully paid	8,00,000	Investments	7,00,000
Equity shares of		Cash and bank	4,50,000
Rs. 100 each fully paid	10,00,000		
Reserve fund	6,00,000		
Current liabilities	6,00,000		
<b>Total</b>	<b>30,00,000</b>	<b>Total</b>	<b>30,00,000</b>

As on the above date the preference shares are redeemed at a premium of 10%. For redemption of preference shares the company made fresh issue of 5,000 equity shares of Rs.100 each at a premium of 10%.

You are required to pass necessary journal entries. Prepare Balance Sheet.



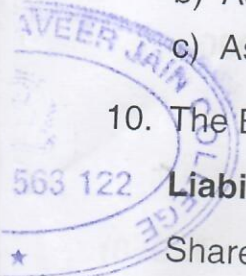
9. The following particulars are available in respect of the business carried on by Nischal Ltd.

- 1) Profits earned : 2020-Rs 1,00,000, 2021-Rs. 96,000 and 2022 Rs. 1,04,000.
- 2) Profit of 2021 is reduced by Rs. 10,000 due to stock destroyed by fire and profit of 2020 includes a non-recurring income of Rs. 6,000.
- 3) Profit of 2022 includes Rs. 4,000 income from investments.
- 4) The stock is not insured and it is though. Prudent to insure the stock in future. The insurance premium is estimated at Rs. 1,000 p.a.
- 5) Normal rate of return 10%.
- 6) Average capital employed Rs. 8,00,000.
- 7) Present value of an annuity of one rupee for 5 years at 10% is Rs. 3.78.

You are required to calculate the value of goodwill

- a) As per 5 years purchase of super profits
- b) As per capitalization of super profits and
- c) As per Annuity method.

10. The Balance Sheet of Pavan is as follows on 31-3-2002.



<b>Liabilities</b>	<b>Rs.</b>	<b>Assets</b>	<b>Rs.</b>
Share Capital		Fixed assets	4,00,000
Equity share of Rs. 10 each	5,00,000	Investments	
General Reserve	2,00,000	(8% Govt. Bonds)	1,00,000
Profit and Loss A/c	1,00,000	Current Assets	4,00,000
Current liabilities	1,00,000		
	<b>9,00,000</b>		<b>9,00,000</b>

Net profit after taxation :

2000-Rs. 1, 30,000 : 2001-Rs. 1, 25,000 : 2002-Rs. 1,50,000.

The Normal rate of return is 10%

The current assets are to be taken as Rs. 4,20,000

Ascertain the Goodwill under

- a) 4 years purchases of super profits.
- b) Capitalization of super profits.



11. Following is the Trial Balance of PK Ltd. as at 31-3-2014.

Debit Balances		Rs.	Credit Balances	Rs.
Opening Stock	1,50,000		Equity share capital	2,50,000
Purchases	3,80,000		Purchase return	10,000
Wages	60,000		5% preference shares	2,50,000
Carriage	2,000		Sales	11,50,000
Furniture	25,000		Discount received	6,300
Salaries	12,000		Surplus Account/Profit and	1,70,000
Rent	15,000		Loss A/c	
Trade expenses	11,000		Sundry creditors	33,700
Sundry Debtors	54,000		General Reserve	73,000
Plant and Machinery	12,00,000		Bills Payable	25,000
Cash at Bank	21,500			
Patents	9,000			
Bills Receivable	14,000			
Bad Debts	6,500			
Discount allowed	8,000			
	<b>19,68,000</b>			<b>19,68,000</b>

Prepare the final accounts of the company in vertical format.

### SECTION – D

Answer the following question carrying 8 marks.

(1×8=8)

12. a) Explain the legal provisions in respect of redemption of shares as per ICA of 2013.

OR

b) Under what notes (Heading) do you show the following in the Balance Sheet of a company.

- Plant and Machinery
- Reserve fund
- Debenture
- Prepaid expenses
- Provision for tax
- Creditors
- Debtors
- Fixed deposits from public.

