



UN – 359

III Semester B.Com. Examination, November/December 2015  
(2015-16 and Onwards) (CBCS) (Fresh)  
COMMERCE

3.3 : Corporate Accounting

Time : 3 Hours

Max. Marks : 70

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

SECTION – A

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

- State any two advantages of underwriting.
- What ratios normally used to apportion pre and post incorporation incomes and expenses ?
- How do you treat the loss prior to incorporation in the books of accounts ?
- Closing capital employed – ₹12,00,000  
Net profit for the current year – ₹2,40,000  
What is Average Capital Employed ?
- Fixed assets ₹10,00,000, Current assets – ₹8,00,000, Arrears of preference dividend ₹40,000, 5% Preference share capital ₹4,00,000, Current liabilities ₹3,00,000, 6% Debentures – ₹2,00,000.

Calculate Net Assets available to Equity Share holders.

- What is meant by calls-in-arrears ?
- What is meant by unclaimed dividend ? Where do you show the same in the Company's Balance Sheet ?





## SECTION – B

Answer **any three** questions. **Each** question carries **6** marks.

**(3×6=18)**

2. A company issued 1,00,000 shares of ₹ 10 each. The whole issue was fully underwritten by A, B, C and D as follows.

A – 40000 shares, B – 30000 shares, C – 10000 shares and D – 20000 shares. The company received applications for 90000 shares of which marked applications were as follows. A – 44000 shares, B – 22000 shares, C – 2000 shares, D – 18000 shares.

Determine the liability of each underwriter.

3. Surabhi has invested a sum of ₹ 6,00,000 in her own business which is very profitable one. The annual profit earned from her business is ₹ 1,20,000 which included a sum of ₹ 20,000 received as compensation for acquisition of part of her business. The money could have been invested in deposits for a period of 5 years at 10% interest and herself could earn ₹ 14,400 per annum in alternative employment considering 2% as fair compensation for the risk involved in the business.

Calculate the value of goodwill of her business on capitalisation of super profits at normal rate of return of 12%.

4. Following information relates to Preethi Ltd.

8000, 10% Preference Shares of ₹ 100 each 8,00,000

10,000 equity shares of ₹ 100 each ₹ 10,00,000

Average profit before tax ₹ 6,45,160

Rate of tax 38%

Transfer to be made to reserve 20%

Normal rate of return 15%

Ascertain the value of equity shares under yield method.



5. Nanda Ltd. had purchased a business on 1-4-2015. The company received its certificate of incorporation on 1-9-2015. The average monthly sales for the period before incorporation was 25% more than the average monthly sales for the period after incorporation. The total sales during the year was ₹ 13,25,000.

Ascertain :

- a) Time Ratio
- b) Sales Ratio
- c) Pre and post incorporation sales.

6. Under what notes (Heading) do you show the following items in the Balance Sheet of a Co.,

- a) Provision for taxation
- b) Live stock
- c) Work-in-progress
- d) Bills payable
- e) Patterns
- f) Accrued interest on investment
- g) Goodwill
- h) Fixed deposit from public
  - i) Share premium
  - j) Discount on issue of debentures
- k) Bank overdraft
- l) Proposed dividend.





## SECTION – C

Answer **any three** questions. **Each** question carries **14** marks. **(3×14=42)**

7. Raj Ltd. invited applications from the public for 2,50,000 shares of ₹10 each at a premium of ₹5 per share. Entire issue was underwritten by underwriters. A, B, C and D to the extent of 30%, 20%, 30%. 20% with the provision of firm underwriting of 7,500 shares, 2,500 shares, 5,000 shares and 2,500 share respectively. The company received applications for 1,75,000 shares excluding firm underwriting, out of which marked applications were A – 47,500 shares, B – 52,500 shares, C – 25,000 shares and D – 20,000 shares respectively.

Prepare a statement showing the net liability of underwriters, treating ;

- Firm underwriting as marked applications.
  - Firm underwriting as unmarked applications.
8. The following is the Balance Sheet of Sharath Ltd. as on 31-12-2014.

<b>Liabilities</b>	<b>₹</b>	<b>Assets</b>	<b>₹</b>
10,000 equity shares		Land and Building	1,68,000
of ₹ 20 each fully paid	2,00,000	Plant and Machinery	1,20,000
P/L Account	40,000	Furniture	10,000
Debentures	30,000	5% tax free govt. bonds	20,000
Trade Creditors	40,000	Stock	24,000
Provision for tax	18,000	Book debts	12,000
Proposed dividend	30,000	Cash	4,000
	<b>3,58,000</b>		<b>3,58,000</b>





The net profits of the company after changing depreciation and taxes were as follows :

2010 – ₹ 34,000, 2011 – ₹ 38,000, 2012 – ₹ 36,000, 2013 – ₹ 40,000, 2014 – ₹ 38,000

On 31-12-2014 Land and Building were revalued at ₹1,90,000, Plant and Machinery at ₹1,42,000 and Furniture at ₹ 8,000. 10% represents a fair commercial rate of return on investment in the company. Find out the value of goodwill.

- a) 5 years purchase of average super profits for the last 5 years.
- b) Capitalisation of super profit method.
- c) Annuity method, present value of an annuity of Re 1 for 5 years at 10% is ₹3.78.

9. On 31-3-2015 the Balance Sheet of Sadhana Ltd. was as follows :

Liabilities	₹	Assets	₹
<b>Share Capital :</b>		Land and Building	2,20,000
5000 shares of ₹100 each	5,00,000	Plant and Machinery	95,000
Profit/Loss A/c	1,03,000	Stock	3,50,000
Bank Overdraft	20,000	Debtors	1,55,000
Creditors	77,000		
Provision for tax	45,000		
Proposed dividend	75,000		
	<b>8,20,000</b>		<b>8,20,000</b>

The 5 years net profit of the company after deducting all working charges and providing for depreciation and taxation were as under :

2011 – 85,000, 2012 – 96,000, 2013 – 90,000, 2014 – 1,00,000, 2015 – 95,000.

On 31-3-2015 Land and Building was revalued at ₹2,50,000, Plant and Machinery at ₹1,50,000 and Goodwill ₹1,50,000. The normal rate of return is 10%.

You are required to ascertain the value of equity under :

- 1) Intrinsic value method.
- 2) Yield value method.
- 3) Fair value method.





10. Anirudha Ltd. took over the business of Shankar on 1-4-2014 and it was incorporated on 1-7-2014. The Profit and Loss A/c of Anirudha Ltd. on 31-3-2015 was as follows :

Particulars	₹	Particulars	₹
To Commission (sales)	2,625	By Gross profit	98,000
To Advertising	5,250	By Bad debts recovered	500
To MD'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		
	<b>98,500</b>		<b>98,500</b>

**Further details :**

- The average monthly sales after incorporation was twice the average monthly sales before.
- Rent which was paid for the first 3 months at ₹200 per month, increased by ₹50 per month for the balance of the period.
- Bad debts of ₹350 related only to the period after 1-9-2014 and the balance related to the sales made upto 1-9-2014.
- The bad debts realised belong to the bad debts which were written off in 2013-14.

Find out the profits before and after incorporation.





11. The following Trial Balance has been extracted from the books of Subhash Ltd. as on 31-3-2015. You are required to prepare the financial statements.

<b>Debit balances</b>	<b>₹</b>	<b>Credit balances</b>	<b>₹</b>
Land and Building (original cost 3,00,000)	1,40,000	Share capital	2,00,000
Furniture (original cost 15,000)	8,000	General Reserve	30,000
Plant and Machinery (original cost 2,00,000)	1,00,000	8% Debenture	1,00,000
Investments	6,000	Bank Overdraft	1,500
Preliminary expenses	4,000	Sundry Creditors	10,000
Advance income tax	8,000	Securities premium	6,000
Printing and stationery	1,200	Gross profit	1,14,000
Stock on 31-3-2015	1,28,000	Sinking fund	40,000
Salaries	8,000	P/L a/c (1-4-2014)	8,500
Debtors	70,000		
Cash on hand	2,000		
Cash at bank	24,000		
Interest	2,000		
Debenture interest	4,000		
Directors fees	2,000		
Rent, rates and insurance	2,800		
	<b>5,10,000</b>		<b>5,10,000</b>



### Adjustments :

- 1) Provide depreciation on :
  - a) Land and Building at 5% on straight line basis.
  - b) Furniture and Plant and Machinery at 20% on reducing Balance basis.
- 2) Provide ₹5,000 for bad debts.
- 3) Provide the Audit fees ₹2,500, provision for Income Tax ₹14,000, and debenture interest for ₹6,000.
- 4) Insurance prepaid ₹800.
- 5) Write off half of the preliminary expenses.
- 6) Directors have recommended.
  - a) Transfer of ₹10,000 to Sinking Fund.
  - b) Transfer of ₹4,000 to General Reserve.
  - c) Equity dividend at 8% on paid-up capital.

### ಕನ್ನಡ ಆವೃತ್ತಿ

#### ವಿಭಾಗ- ಎ

1. ಯಾವುದಾದರೂ ಐದು ಉಪಪ್ರಶ್ನೆಗಳಿಗೆ ಉತ್ತರಿಸಿ. ಪ್ರತಿ ಉಪಪ್ರಶ್ನೆಗೂ 2 ಅಂಕಗಳಿರುತ್ತವೆ. (5×2=10)
  - a) ಖರೀದಿ ಭರವಸೆಯ ಎರಡು ಅನುಕೂಲಗಳನ್ನು ತಿಳಿಸಿ.
  - b) ಸಂಯೋಜನೆಯ ಪೂರ್ವ ಮತ್ತು ನಂತರದ ಆದಾಯ ಮತ್ತು ಖರ್ಚುಗಳನ್ನು ಸಾಮಾನ್ಯವಾಗಿ ಹಂಚಲು ಯಾವ ಅನುಪಾತಗಳನ್ನು ಬಳಸುವಿರಿ ?
  - c) ಸಂಯೋಜನೆಯ ಪೂರ್ವದ ನಷ್ಟವನ್ನು ಲೆಕ್ಕದ ಪುಸ್ತಕಗಳಲ್ಲಿ ಹೇಗೆ ಪರಿಗಣಿಸುವಿರಿ ?
  - d) ವರ್ಷದ ಕೊನೆಯಲ್ಲಿ ತೊಡಗಿಸಿರುವ ಬಂಡವಾಳ ರೂ. 12,00,000  
ಪ್ರಸಕ್ತ ವರ್ಷದ ನಿವ್ವಳ ಲಾಭ ರೂ. 2,40,000  
ಆಗಿದ್ದರೆ, ಉಪಯೋಗಿಸಿದ ಸರಾಸರಿ ಬಂಡವಾಳ ಎಷ್ಟು?