



III Semester B.Com. Examination, October/November 2012  
(Semester Scheme)

(Fresh) (2012-13 & Onwards)

COMMERCE

3.3 : Corporate Accounting – I

Time : 3 Hours

Max. Marks : 100

**Instructions :** Answer should be completely written either in **English** or in **Kannada**.

SECTION – A

Answer **any eight** sub-questions. **Each** sub-question carries **2** marks. **(8×2=16)**

1. a) What is firm underwriting ?
- b) How do you treat unmarked applications in partial underwriting ?
- c) State the factors that affect the value of goodwill.
- d) How do you calculate intrinsic value of shares ?
- e) State the kinds of preference shares.
- f) Give the journal entry for transfer of divisible profits to Capital Redemption Reserve Account.
- g) What is the fair value per share ?
- h) Mention the different methods of valuation of goodwill.
- i) What is Profit and Loss Appropriation A/c ?
- j) State under what headings the following items will appear in the Balance Sheet of a company :
  - i) Loose Tools
  - ii) Calls-in-arrears.

## SECTION - B

Answer any three questions. Each question carries 8 marks.

(3×8=24)

2. XYZ Co. Ltd. issued 50000 shares of Rs. 10 each. These shares were underwritten as follows :

A = 25000 shares and B = 15000 shares. The public applied for 40000 shares, which included marked applications as follows :

A = 12000 shares and B = 8000 shares.

Prepare a statement of underwriters liability.

3. A company had 5000, 8% Redeemable preference shares of Rs. 100 each fully paid. These shares were due for redemption on 31<sup>st</sup> March, 2012 at a premium of 10%. To carry out the redemption, the company issued 12,500 equity shares of Rs. 10 each at a premium of 10%. The company had a balance of Rs. 25,000 in securities premium account and Rs. 4,80,000 in profit and loss account.

Pass necessary journal entries.

4. The Balance Sheet of ABC Ltd. as on 31-03-2012 was as follows :

Liabilities	Rs.	Assets	Rs.
20,000 Equity shares			
of Rs. 10 each	2,00,000	Fixed Assets	3,80,000
10% preference		Investments	40,000
share capital	1,00,000	(5% Govt. Bonds)	
P & L A/c	2,00,000	Current Assets	2,00,000
9% Debentures	1,00,000	Preliminary Expenses	15,000
Creditors	35,000		
	6,35,000		6,35,000

The average profits of the company is Rs. 62,000. Normal rate of return is 10%.

You are required to calculate goodwill as four times of the super profits.



5. From the following particulars, prepare Profit and Loss Appropriation Account.
- i) Profit and Loss Account balance from Last year Rs. 1,25,000
  - ii) Net profit for the year before tax Rs. 10,80,000
  - iii) Provision for tax 40%
  - iv) Transfer to general reserve Rs. 1,05,000 and to dividend equalisation fund Rs. 80,000
  - v) Dividend on 8% preference shares of Rs. 6,00,000
  - vi) Dividend at 12.5% on 1,00,000 equity shares of Rs. 10 each, Rs. 8 called up (calls in arrears Rs. 25,000).
6. State the circumstances necessitating valuation of shares.

SECTION – C

Answer **any four** of the following. **Each** question carries **15** marks. **(4×15=60)**

7. X Co. Ltd. invited applications from public for 5,00,000 equity shares of Rs. 10 each at a premium of Rs. 5 per share. The entire issue was underwritten by underwriters A, B, C and D to the extent of 30%, 20%, 30% and 20% respectively with the provision of firm underwriting of 15,000 ; 5,000 ; 10,000 and 5,000 shares respectively.

The company received applications for 3,50,000 shares, excluding firm underwriting, out of which marked applications were :

A = 95,000 shares ; B = 1,05,000 shares, C = 50,000 shares and D = 40,000 shares.

Calculate the liability of each one of the underwriters treating,

- a) Firm underwriting as marked applications, and
- b) Firm underwriting as unmarked applications.



8. A Co. Ltd. redeems its fully paid preference shares at a premium of 10%. For this purpose, it makes fresh issue of 10,000 equity shares of Rs. 10 each at par and sells its investments at a loss of 5%. On the date of redemption of preference shares, the company's Balance Sheet stood as under.

Liabilities	Rs.	Assets	Rs.
Equity share capital (Rs. 10 each)	16,00,000	Fixed Assets	42,00,000
Preference share capital (Rs. 100 each fully paid up)	8,00,000	Investments	8,00,000
Preference share capital (Rs. 100 each partly paid up)	4,00,000	Bank and cash	4,00,000
Capital Reserve	4,00,000	Other Current Assets	6,00,000
Securities Premium	20,000		
P and L A/c	11,80,000		
Liabilities	16,00,000		
	<b>60,00,000</b>		<b>60,00,000</b>

Pass necessary journal entries and show the Balance Sheet after redemption.

9. Balance Sheet of Z Co. Ltd. as on 31-03-12 is as under :

Liabilities	Rs.	Assets	Rs.
5,000 equity shares of Rs. 100 each	5,00,000	Fixed Assets	5,00,000
3,000 15% preference shares of Rs. 100 each	3,00,000	Stock	1,75,000
General Reserve	40,000	Debtors	2,25,000
P/L A/c	80,000	Cash and Bank	1,00,000
Sundry Creditors	80,000		
	<b>10,00,000</b>		<b>10,00,000</b>



The profits of the company and the rate of dividend declared in respect of the past 5 financial years are as under :

Year	Profit (Rs.)	Rate of Dividend
2007-08	1,35,000	8%
2008-09	1,55,000	10%
2009-10	1,70,000	12%
2010-11	1,65,000	15%
2011-12	1,80,000	15%

You are required to find out the value of goodwill at 5 years purchase of the super profits of the company.

10. Following is the Balance Sheet of B. Co. Ltd. as on 31-03-2012.

Liabilities	Rs.	Assets	Rs.
30,000 Equity shares of Rs. 10 each	3,00,000	Fixed Assets	4,00,000
6% preference shares of Rs. 10 each	60,000	Investments	50,000
General Reserve	50,000	Current Assets	2,00,000
P & L A/c	40,000	Preliminary Expenses	10,000
5% Debentures	1,00,000		
Creditors	80,000		
Bills payable	30,000		
	<b>6,60,000</b>		<b>6,60,000</b>



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Average annual profit is Rs. 80,000. Company transfers 10% of its profits every year to general reserve. Normal return on capital employed is 10%.

Compute the value of shares by

- Intrinsic value method
- Yield method, and
- Fair value method

11. Following is the Trial Balance of Z Co, Ltd as at 31-03-2012.

Particulars	Dr. (Rs.)	Cr. (Rs.)
Equity share capital	-	1,50,000
12% preference share capital	-	1,00,000
Reserve fund	-	75,000
Buildings	2,50,000	-
10% Debentures	-	1,00,000
Plant and Machinery	1,00,000	-
Purchases and Sales	1,25,000	3,00,000
Salary	30,000	-
Debtors and Creditors	1,15,000	87,500
Bills	40,000	45,000
Directors fees	10,000	-
Bad debts	2,500	-
Returns	7,500	10,000
Wages	7,500	-

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Opening stock	22,500	—
P/L A/c on 01-04-2011	—	30,000
Loose Tools	30,000	—
Goodwill	40,000	—
Discount on issue of shares	10,000	—
Cash and Bank balances	16,500	—
Investments	1,00,000	—
Interest on investments	—	9,000
	9,06,500	9,06,500

**Adjustments :**

- a) Closing stock is valued at Rs. 80,000.
- b) Debenture interest is outstanding for the whole year.
- c) Write off Rs. 3,000 further bad debts, and create reserve for doubtful debts at 5%.
- d) Buildings and plant and Machinery to be depreciated by 5% and 10%.
- e) Transfer Rs. 15,000 to Reserve fund.
- f) The directors propose 15% dividend to equity shareholders.

You are required to prepare company's final accounts.

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ವಿಭಾಗ - ಎ

ಎಂಟು ಉಪಪ್ರಶ್ನೆಗಳನ್ನು ಉತ್ತರಿಸಿ. ಪ್ರತಿ ಉಪಪ್ರಶ್ನೆಗೆ 2 ಅಂಕಗಳು:

(8x2=16)

1. a) ನಿಶ್ಚಿತ ಖರೀದಿ ಭರವಸೆ ಎಂದರೇನು ?
- b) ಗುರುತಿಸದಿರುವ ಅರ್ಜಿಗಳನ್ನು ಭಾಗಶಃ ವಂತಿಗೆ ಕರಾರಿನಲ್ಲಿ ಹೇಗೆ ಗಣನೆಗೆ ತೆಗೆದುಕೊಳ್ಳುವಿರಿ ?
- c) ಕೀರ್ತಿಮೌಲ್ಯದ ಮೇಲೆ ಪರಿಣಾಮ ಉಂಟು ಮಾಡುವ ಅಂಶಗಳನ್ನು ಬರೆಯಿರಿ.