DCBC301

Reg. No.

III Semester B.Com. (Regular)/A and F/L.S.C.M./B.D.A./T and T.M./I and A.S. Degree Examination, January/February - 2025

COMMERCE

Corporate Accounting

(NEP Scheme (F+R) 2022-2023 Onwards)

Paper : 3.1

Time : 2½ Hours **Maximum Marks : 60**

Instructions to Candidates:

Answers should be written in English only.

SECTION - A

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

1. a. What do you mean by complete under writing?

   b. How do you treat pre-incorporation profits?

   c. How do you find out pre-incorporation period?

   d. State any two circumstances necessitating the valuation of Goodwill.

   e. What is intrinsic value?

   f. Mention any two items that are shown under Non-current liabilities in a Balance Sheet of a company.

   g. What is interim dividend?

SECTION - B

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

2. Subbu Company issued 30,000 Debentures of Rs. 10 each. These Debentures were underwritten as follows: E - 21,000 Debentures, F - 9000 Debentures. The public applied for 24000 Debentures which included marked application as follows:

   E - 15000 Debentures, F - 6000 Debentures. Determine the liability of E and F, If the Unmarked Debentures were apportioned to underwriters on the basis of Gross Liability.

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3. Calculate the goodwill of the company under capitalization of the average profits method.

The net profit of a company for the past 5 years are 2019-20 - Rs. 1,20,000, 2020-21 - Rs. 1,35,000, 2021-22 - Rs. 1,41,000, 2022-23 - Rs. 1,20,000 and for 2023-24 - Rs. 1,44,000. The capital employed in the business is Rs. 12,00,000, on which a reasonable rate of return of 10% is expected.

4. a) The paid up share capital of company consists of 2000, 15% preference shares of Rs. 100 each and 40,000 equity shares of Rs. 10 each.

b) The average annual profit of the company after providing for depreciation and taxation amounted to Rs. 1,50,000. It is considered necessary to transfer Rs. 20,000 to General reserve before declaring dividend.

c) The normal return expected by investors on equity shares from this type of business carried on by the company is 10%.

Calculate the value of an equity share under yield method.

5. Under which heading and sub-heading will the following items appear in the Balance Sheet of a company as per schedule 111, Part - 1 of the Companies Act 2013?

a) Bills Payable.

b) Bills Receivable.

c) Trade Marks.

d) Work - in - Progress.

e) Pre-paid Insurance.

6. Prepare a statement showing the amount of profit made before and after incorporation using following information:

A company was incorporated on 30th September 2023 to acquire the business of Mohan as from 1st April 2023. The accounts for the year ended 31st March 2024 disclosed the following:

a) There was a gross profit of Rs. 7,20,000.

b) The sales for the year amounted to Rs. 36,00,000 of which Rs. 16,20,000 were for the first six months.

c) The expenses charged to profit and loss account included Directors fees Rs. 45,000, Bad debts Rs. 10,800, Advertising Rs. 36,000 (Under a contract amount to Rs. 3,000 p.m.) Salaries and general expenses Rs. 1,92,000, Preliminary expenses written off Rs. 15,000 and Donation to Political Party given by the company Rs. 15,000.

SECTION - C

Answer any **TWO** of the following questions. Each question carries **12** marks.**(2×12=24)**

7. Calculate the total liability of each underwriter treating firm underwriting as Unmarked Application.

Ganga Ltd., issued 5,00,000 shares of Rs. 10 each which was underwritten as follows.

A - 1,50,000 shares (Firm underwriting 16,000 shares)
B - 1,25,000 shares (Firm underwriting 24,000 shares)
C - 1,25,000 shares (Firm underwriting NIL)
D - 1,00,000 shares (Firm underwriting 60,000 shares)

The total applications excluding firm underwriting but including marked applications were for 3,60,000 shares. The marked applications were as under: A - 80,000 shares; B - 72,000 shares; C - 48,000 shares and D - 96,000 shares.

8. The Net Profit of a business after providing for taxation for the past five years are:- Rs. 3,20,000, Rs. 3,68,000, Rs. 3,40,000, Rs. 4,20,000 and Rs. 4,72,000. The capital employed in the Business is Rs. 32,00,000. 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 Good Will on the basis of

a) 2 years purchase of Super Profit Method.

b) Capitalization of Super-Profit Method.

c) Annuity method, taking the present value of annuity of Rs. 1 for five years at 10% as 3.78.

9. From the following particulars of MANGO Limited, calculate Fair Value of each equity share.

2,80,000 equity shares of Rs. 10 each	28,00,000
5% Debentures	7,00,000
Current Liabilities	9,10,000
Current Assets	14,00,000
Fixed Assets	38,50,000
Good Will	3,50,000

The profits for the last three years were Rs. 3,61,200 and 3,64,000 and Rs. 3,61,550 respectively 20% is transferred to reserve. Normal Rate of return is 10%.

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SECTION - D

Answer any **One** of the following questions. Each question carries **6** marks. **(1×6=6)**

10. Name any six Indian Companies which issues FPO in recent times.

11. Prepare a Balance Sheet as per Schedule III of the Companies Act 2013 with imaginary figures.