



III Semester B.Com. Examination, January/February 2025

(NEP) (F+R)

COMMERCE

DSC 3.1 : Corporate Accounting



Time : 2½ Hours

Max. Marks : 60

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

SECTION – A

1. Answer **any six** sub-questions. **Each** sub-question carries **2** marks. **(6×2=12)**
- What do you mean by calls in arrears ?
 - State various types of underwritings.
 - State any 2 reasons for valuation of shares.
 - List out any four intangible assets.
 - What do you mean by issue of shares ?
 - What is firm underwriting ?
 - What do you mean by goodwill ?
 - State under what heading the following items will appear in the Balance Sheet of a company.
 - Calls in arrears
 - Loose tools.

SECTION – B

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

2. Moon Ltd. made an issue of 100000 equity shares of ₹ 10 each payable ₹ 5 on application and ₹ 5 on allotment. All the shares are subscribed and amounts duly received. Pass Journal Entries.
3. A Co., issued 100000 shares of ₹ 10 each. The whole issue was fully underwritten by A, B, C and D as follows :
- A – 40,000 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 – 32000 shares, B – 22000 shares, C – 2000 shares, D – 18000 shares.
- Determine the net liability of each underwriters.

P.T.O.



4. From the following particulars provided by Arun Ltd., calculate the value of goodwill under capitalisation of average profit method.

- a) Capital employed ₹ 16,00,000
- b) Normal rate of return 12%
- c) Profits for the last 5 years were :

2019 – ₹ 2,00,000, 2020 – ₹ 2,40,000, 2021 – ₹ 2,20,000, 2022 – ₹ 2,60,000,
2023 – ₹ 2,80,000.

5. Following are the particulars of Sunshine Ltd.

Particulars	₹
Fixed assets	10,00,000
Current assets	6,00,000
50000 equity shares of ₹ 10 each	5,00,000
5000, 12% preference shares of ₹ 100 each	5,00,000
Bills payable	50,000
8% debentures	3,00,000
Bank overdraft	60,000
Goodwill	1,20,000

The market value of fixed assets (including goodwill) is 15% more than book value and that of current asset is 7.5% less than the book value. There is an unrecorded liability of ₹ 6,000. Determine intrinsic value of equity shares.

6. State the heading under which the following items are shown in the Balance Sheet of a company.

- a) Investment
- b) Goodwill
- c) Bills payable
- d) Bank overdraft
- e) Provision for taxation
- f) Debentures.



SECTION – C

Answer **any three** questions. **Each** question carries **12** marks. **(3×12=36)**

7. Akash Ltd. issued 600000 equity shares of ₹ 10 each at a discount of 10% for public subscription.

The issues was underwritten by the underwriters as follows :

P – 200000 shares (Firm underwriting 40000 shares)

Q – 150000 shares (Firm underwriting 20000 shares)

R – 100000 shares (Firm underwriting 15000 shares)

S – 150000 shares (Firm underwriting 25000 shares)

The total applications excluding firm underwriting but including marked applications were received for 4,80,000 shares. The marked applications were as under :

P – 130000 shares

Q – 80000 shares

R – 50000 shares

S – 80000 shares

Calculate the net liability of each underwriter treating :

- a) Firm underwriting as marked application.
- b) Firm underwriting as unmarked application.

8. The Balance Sheet of S Ltd. as on 31-3-2023 as follows :

Liabilities	₹	Assets	₹
30000 equity shares of		Fixed assets	4,00,000
₹ 10 each	3,00,000	Investments	50,000
6% preference shares of		Current assets	2,00,000
₹ 10 each	60,000	Preliminary expenses	10,000
General reserve	50,000		
Profit and Loss A/c	40,000		
5% debentures	1,00,000		
Creditors	80,000		
Bills payable	30,000		
	6,60,000		6,60,000



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

Compute the value of equity shares by

- Intrinsic value method
- Yield value method
- Fair value method.

9. Following is the Balance Sheet of Ravi Ltd. for the year ending 31-3-2023.

Liabilities	₹	Assets	₹
Share capital 20000 shares of ₹ 10	2,00,000	Buildings	2,00,000
P and L account	2,00,000	Machinery	1,00,000
6% debentures	1,00,000	Debtors	1,00,000
Creditors	1,00,000	Stock	80,000
	6,00,000	Cash	1,20,000
			6,00,000

Normal rate of return on average capital employed is 10%. Find out the value of goodwill on the basis of 2 years purchase of super profits. Building is revalued at ₹ 3,50,000 and machinery at ₹ 90,000.

10. 'A' Co. Ltd. is a registered company with capital of ₹ 4,00,000, issued 20000 shares of ₹ 10 each. Payable ₹ 3 on application, ₹ 2 on allotment, ₹ 3 on first call and ₹ 2 on final call. All the shares were subscribed and the money duly received except the first call on 2000 shares and final call on 4000 shares. Give the journal entries of 'A' company.

11. Following is the Trial Balance of C Ltd. as on 31-3-2024.

Particulars	Dr (₹)	Cr (₹)
Equity share capital		8,00,000
Reserve		1,80,000
Surplus balance		2,85,500
Creditors		75,000
Bills payable		25,000
Sales		21,00,000
Purchase return		15,000



Discount received		12,500
Provision for doubtful debt		7,000
Building	4,00,000	
Machinery	10,00,000	
Investment	1,60,200	
Furniture	50,000	
Patents	40,000	
Debtors	95,000	
Trade receivables	30,000	
Cash @ bank	2,55,000	
Opening stock	3,70,000	
Purchases	8,40,000	
Wages	80,000	
Carriage inwards	10,000	
Salary	98,000	
Rent	30,000	
Trade expenses	15,000	
Bad debts	12,800	
Discount allowed	14,000	
	35,00,000	35,00,000

Additional information :

- a) Stock as on 31-3-24 ₹ 5,00,000.
- b) Depreciate – building at 10%, machinery 12%, furniture 10% and patents @ 20%.
- c) Provide income tax at 35% for profit tax of company.
- d) The directors recommended a dividend of 25%.

Prepare final accounts of the company as per Company Act, 2013.