

Reg No.

B.M.S. COLLEGE FOR WOMEN AUTONOMOUS  
Bengaluru-560 004.

SEMESTER END EXAMINATION – January/February 2024

B. Com - III Semester  
Corporate Accounting  
(NEP Scheme 2021-22 onwards)

Course Code:

Qp Code:

Duration: 2 ½ Hours

Max. Marks: 60

Instructions to Candidates: Answer should be written completely in English

**Section A**

1. Answer any **Five** of the following questions. Each question carries **Two** marks. (5x2=10)
- What do you mean by underwriting of shares?
  - State the methods of valuation of shares.
  - Distinguish between marked and unmarked applications.
  - What are the factors that influence the valuation of goodwill?
  - Expand IPO and FPO.
  - Under what heading the following items appear in the balance sheet of a company as per Schedule III, part I of the Companies Act 2013 (i) Prepaid Expenses (ii) Bank overdraft
  - What are Super profits?

**Section B**

Answer any **Four** of the following questions. Each question carries **Five** marks.

(4x5=20)

- A company issued 1,00,000 equity shares of Rs. 10 each @ premium of Rs. 3 per share, payable as Rs. 2 on application, Rs. 6 on allotment (including premium) and the balance in First & Final call. All the shares were subscribed and money duly received except the first & final call for 1,000 shares. Pass the necessary journal entries.
- Naveen Ltd. issued 50,000 shares of Rs. 10 each. The whole issue was fully underwritten by A, B, C and D as follows: A – 20,000 shares, B – 15,000 shares, C – 5,000 shares and D – 10,000 shares. The company received applications for 45,000 shares of which marked applications were as follows: A = 22,000 shares; B = 11,000 shares, C = 1,000 shares and D = 9,000 shares. Determine the net liability of each underwriter.
- The profits of disclosed by Anurag Ltd. for the past 5 years were as follows:  
2018 – 2019 Rs.60,000 (including abnormal profit of Rs.7,500)  
2019 – 2020 Rs.75,000 (after charging abnormal loss Rs.1,500)  
2020 – 2021 Rs. 67,500 (excluding Rs.7,500 insurance premium)  
2021 – 2022 Rs. 90,000

2022 – 2023 Rs. 1,20,000(including profit on sale of building Rs.30,000)  
Calculate the value of Goodwill under 4 years purchase of Average Profits Method.

5. Following are the particulars of Rahul Co. Ltd.

Fixed Assets	8,00,000
Current Assets	5,00,000
50,000 equity shares of Rs.10 each	5,00,000
5,000 8% preference shares of Rs.100 each	5,00,000
Bank overdraft	40,000
6% Debentures	2,00,000
Other Current Liabilities	60,000
Goodwill	1,00,000

The market value of Fixed assets is 12% more than the book value and that of current assets is 5% less than the book value. There is an unrecorded liability of Rs.5,000.

Determine Intrinsic value of equity shares.

6. From the following particulars of Vinod Ltd., compute the value of equity shares under yield method
- Equity shares of Rs.10 each: Rs.4,00,000
  - 8% Preference shares of Rs.100 each: 2,00,000
  - Profits for the last three years  
I - Rs.90,000; II – Rs.93,000; III – Rs.1,02,000
  - 20% is transferred to reserve
  - Normal rate of return 10%

### Section C

Answer any **Two** of the following questions. Each question carries **Twelve** marks.

(2x12=24)

7. Gokul Company Ltd. issued 1,20,000 shares of 10 each, which was underwritten as follows M - 40,000 shares (Firm underwriting 4,000 shares) N - 30,000 shares (Firm underwriting 3,200 shares) O - 20,000 shares (Firm underwriting 800 shares) P - 30,000 shares (Firm underwriting 8,000 shares) The total applications excluding firm underwriting but including marked applications were for 92,000 shares. The marked applications were as follows M =14,000, N = 10,000, O = 6,000 and P 12,000 shares.  
Calculate net liability of each underwriter treating:
- Firm underwriting as marked applications.
  - Firm underwriting as unmarked applications.

8. The Balance sheet of Siri Ltd., as on 31-12-2023 is as follows:

Liabilities	Amount	Assets	Amount
Equity shares of Rs.10 each	5,00,000	Land & Buildings	2,00,000
General Reserve	2,00,000	Plant & Machinery	1,00,000
Profit & Loss a/c	1,00,000	Furniture	1,00,000
Sundry Creditors	80,000	Investments	1,00,000
Bills payable	20,000	Current Assets	4,00,000

Total	9,00,000	Total	9,00,000
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Additional information:

- Net profit after taxation 2021 – Rs. 1,45,000; 2022 – Rs.1,25,000; 2023 – Rs.1,50,000
- Normal Rate of Return is 15%
- Current assets are to be taken at Rs.4,50,000

Ascertain the value of goodwill under:

- 5 years purchase of super profits
- Capitalisation of super profits
- Annuity of super profits taking the present value of an annuity of Re. 1 for 5 years at 10% as 3.78

9. Maxwell Co. Ltd., had an authorised capital of Rs.3,00,000 in equity shares of Rs.10 each. Its trial balances as on 31<sup>st</sup> March 2022 is given below:

Particulars	Amount	Particulars	Amount
Premises	1,50,000	Called up capital	2,00,000
Plant and Machinery	1,65,000	6% debentures	1,50,000
Interim Dividend	18,755	Profit and Loss a/c (1.4.2021) (Cr.)	7,250
Stock (1.4.2021)	37,500	Bills payable	19,000
Furniture	3,600	Creditors	25,000
Debtors	43,500	Sales	2,07,500
Goodwill	12,500	General Reserve	12,500
Cash in hand	375	Bad debts provision (1.4.2021)	1,750
Cash in hand	19,950		
Purchases	92,500		
Preliminary expenses	2,500		
Wages	42,433		
General expenses	8,417		
Freight and Carriage	6,557		
Salaries	7,250		
Director's Fees	2,863		
Bad debts	1,050		
Debenture interest paid	4,500		
Calls in arrears	3,750		
Total	6,23,000		6,23,000

Additional Information:

- Of the debtors Rs.250 are further bad, Provide for RBD at 5% on Debtors
- Closing stock Rs. 47,500
- Depreciation on plant and machinery by 10%
- Write off preliminary expenses of Rs.250
- Provide for debenture interest due

Prepare final accounts of company.

**Section D**

Answer any **One** of the following questions, which carries **six** marks.

(1x6=6)

10. Present the format of “Statement of Profit and Loss” as per Schedule 3 of Companies Act 2013.
11. Briefly explain the various methods of valuation of shares.

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