



UN – 427

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III Semester B.B.M. Examination, November/December 2015  
(2013-14 & Onwards) (Repeaters)  
**BUSINESS MANAGEMENT**  
**3.3 : Corporate Accounting**

Time : 3 Hours

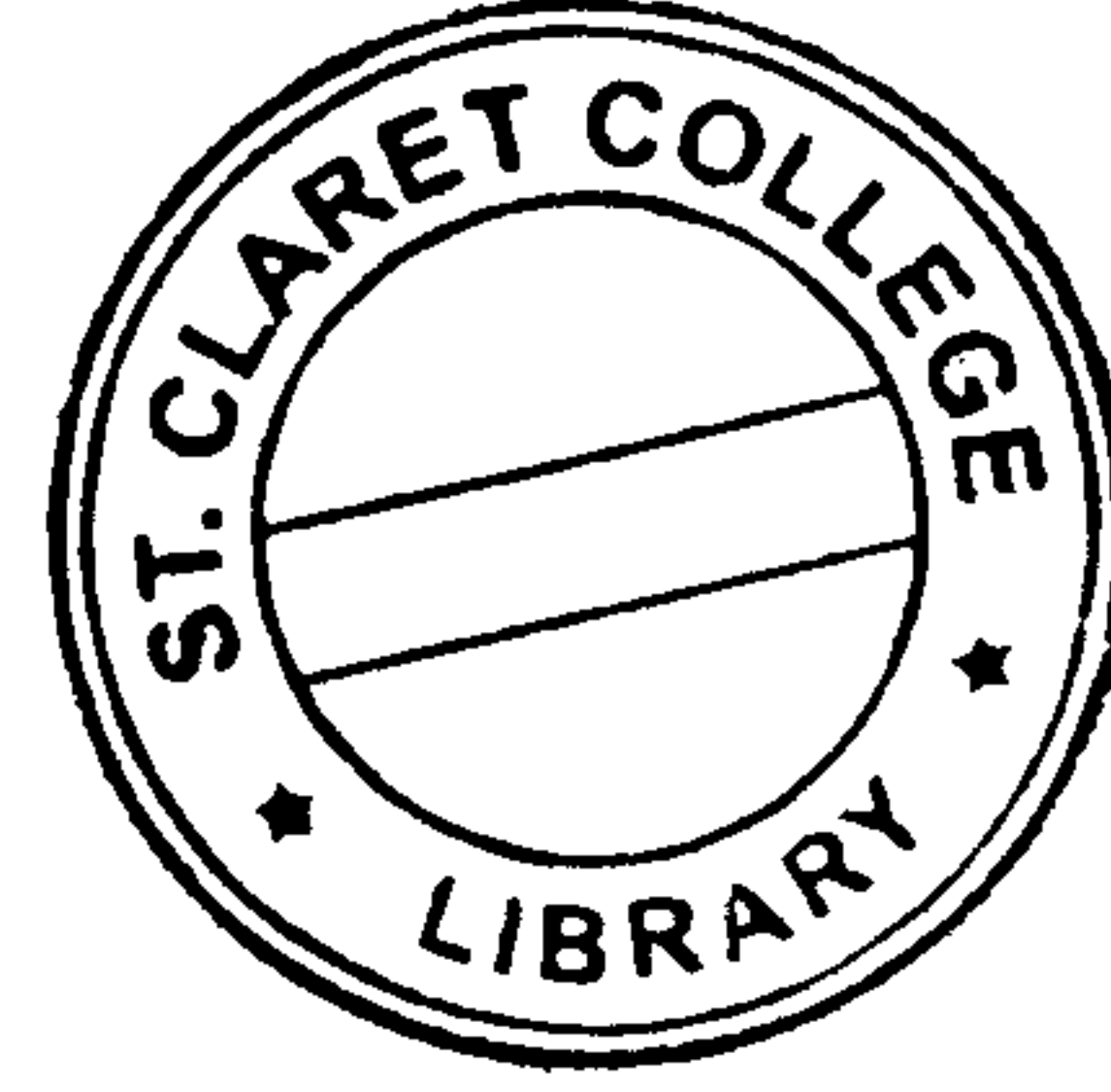
Max. Marks : 100

**Instruction** : Answer should be written in **English** only.

SECTION – A

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

1. a) What are super profits ?
- b) State any 2 difference between equity shares and preference shares.
- c) What do you mean by issue of shares at discount ?
- d) Define a share.
- e) What is meant by Interim Dividend ?
- f) State any 2 factors affecting valuation of shares.
- g) What is Partial underwriting ?
- h) State the methods of valuation of shares.
- i) What is meant by under writing ?
- j) State any 4 circumstances of valuation of Goodwill.



SECTION – B

Answer **any 3** questions. **Each** sub-question carries **8** marks. (3×8=24)

2. Briefly explain the factors affecting the valuation of Good will.
3. Y Limited issued 50,000 equity shares of Rs. 10/- each. These shares were underwritten by the following underwriters :  
Shalini = 15000 shares  
Shruthi = 12500 shares  
The total shares subscribed were for 35000 shares which include marked application as follows :  
Shalini = 5000 shares  
Shruthi = 1000 shares  
Determine the net liability and commission payable.

P.T.O.



4. The profits disclosed by BEML for the Past 5 years are as follows :

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- a) 2011 = 40,000/- (Including Abnormal Profit = 5,000/-)
- b) 2012 = 50,000/- (After charging Abnormal Loss = 1,000/-)
- c) 2013 = 45,000/- (Excluding 5,000/- Insurance premium)
- d) 2014 = 60,000/-
- e) 2015 = 80,000/- (Including Interest on Investment = 20,000/-)

Determine the value of goodwill on the basis of 3 yrs. purchase of average profits of past five years.

5. A company issued 10000 equity shares of Rs. 100/- each. All the money due was received with the exception of final call money on 100 shares at Rs. 20/- per share due from Sunil Kumar.

The Directors forfeited these shares and re-issued at Rs. 70/- fully paid-up.

Write up the Journal Entries.

### SECTION – C

Answer **any 4** questions. **Each** sub-question carries **15** marks. (Question No. **10** is **compulsory**.) (4×15=60)

6. B Limited issued 10000 equity shares of Rs. 100/- each at a discount of 10%. The amount payable is as follows :

- a) On Application = 20/-
- b) On Allotment = 20/-
- c) On First call = 25/-
- d) On Final call = 25/-

A shareholder holding 200 shares did not pay the final call money. His shares were forfeited and re-issued to another shareholder at Rs. 70/- per share as fully paid-up.

Pass Journal Entries in the Books of the company.

7. The Balance Sheet of R Limited is as follows as on 31-3-15.

<b>Liabilities</b>	<b>Amt.</b>	<b>Assets</b>	<b>Amt.</b>
Eq. Shares of Rs. 10/- each	2,50,000	Fixed Assets	2,00,000
G/R	1,00,000	6% Investment in Bonds	50,000
P/L A/c	50,000	Current Assets	2,00,000
C. Liability	50,000		
	<b>4,50,000</b>		<b>4,50,000</b>



The Net profits after taxation are as follows :

- a) 31-3-13 = 65,000/-
- b) 31-3-14 = 62,500/-
- c) 31-3-15 = 75,000/-

The normal rate of return is 15%. The current assets are to be taken at 2,10,000/-.

Ascertain the value of G/W under :

- a) 4 years purchase of super profit.
- b) Capitalization of super profit.
- c) Annuity of super profits taking the P.V. of an Annuity of Re. 1.00 for 5 years at 10% Interest is 3.78/-

8. Ganesh Technologies issued 1,00,000 Equity shares of Rs. 10/- each. The entire issue was underwritten as follows :

- A = 60000 shares (Firm = 10000 shares)
- B = 30000 shares (Firm = 4000 shares)
- C = 10000 shares (Firm = 2000 shares)

The total application received by company for 90000 shares, which includes Firm and marked application. Marked applications are as follows :

- A = 32000 shares
- B = 20000 shares
- C = 8000 shares.

Determine :

- a) Total Liability of each underwriters.
- b) Commission payable to underwriters.
- c) Net amount receivable or payable from each underwriters.

9. The Balance Sheet of Royal Limited as on 31-3-13 is given below :

<b>Liabilities</b>	<b>Amt.</b>	<b>Assets</b>	<b>Amt.</b>
Eq. Shares of Rs. 10/-	5,00,000	Fixed Assets	5,50,000
15% pref. Shares of 100/-	3,00,000	Stock	1,75,000
G/R	40,000	Debtors	2,25,000
P/L A/c	80,000	Bank	1,00,000
S. Creditors	70,000		
B/P	60,000		
	<b>10,50,000</b>		<b>10,50,000</b>

**Additional Information :**

- a) Fixed Assets are Re-valued at 8,50,000/- and stock at 1,50,000/-.
- b) Create RDD at Rs. 50,000/-.
- c) The average profits of the company before tax at 30% is 3,25,000/-.
- d) The company transfers 20% of profits to R/F.
- e) Normal Rate of return is 12% on net capital employed.

Determine the Intrinsic value, yield value and fair value of equity share.

10. The following is the Trial Balance of Suraj Co. Ltd. as on 31-3-15.

Debit	Amt.	Credit	Amt.
Land & Building (Original Cost 3,00,000)	1,40,000	20000 equity shares of Rs. 10/-	2,00,000
Furniture (Original Cost 15,000)	8,000	G/R	30,000
Plant and machinery (Original cost 2,00,000)	1,00,000	8% Debentures	1,00,000
Investment	6,000	BOD	1,500
Preliminary Expenses	4,000	Creditors	10,000
Advance Income Tax	8,000	Securities premium	6,000
Printing & Stationery	1,200	Gross Profit	1,14,000
Stock on 31-3-15	1,28,000	Sinking Fund	40,000
Salaries	8,000	P/L A/c (1-4-14)	8,500
Debtor	70,000		
Cash in hand	2,000		
Cash at Bank	24,000		
Interest on debentures	2,000		
Debenture Interest	4,000		
Director Fees	2,000		
Rent, rates & Insurance	2,800		
	<b>5,10,000</b>		<b>5,10,000</b>

**Adjustments :**

- a) Depr. L & B at 5% on original cost.
- b) Depr. P/M and Furniture at 20% on WDV.
- c) Provide ₹ 5,000/- for Bad Debts.
- d) Prepaid Insurance ₹ 800/-.
- e) Transfer ₹ 4,000/- to G/R.
- f) Adjust Debenture Interest for full year.

Prepare Final Accounts in vertical form.