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**B.M.S COLLEGE FOR WOMEN, AUTONOMOUS**  
**BENGALURU – 560004**  
**SEMESTER END EXAMINATION – MARCH/APRIL- 2023**

**B.Com. – III Semester**

**CORPORATE ACCOUNTING**  
**(NEP Scheme 2021-22 onwards)**

**Course Code: COM3DSC07**

**Duration: 2 ½ Hours**

**QP Code: 3021**

**Max. Marks: 60**

**SECTION – A**

**1. Answer any FIVE of the following questions. Each question carries TWO marks.**

**(5X2=10)**

- How do you ascertain the Intrinsic Value of Shares?
- What are Super Profits?
- State the methods of valuation of shares.
- What do you understand by Interim dividend?
- State any two advantages of Underwriting.
- What do you mean by Calls-in-Arrears?
- What is meant by private placement of shares?

**SECTION – B**

**Answer any FOUR of the following questions. Each Question carries FIVE marks.**

**(4X5=20)**

2. The Tesla Company Ltd. with a registered capital of ₹ 1,00,000 issued 5,000 equity shares of ₹ 10 each payable ₹ 2 on application ₹ 2 on allotment ₹ 3 on first call and ₹ 3 on final call, all the shares were subscribed and the money duly received except the first call on 500 shares and the final call on 1,000 shares. Give journal entries,

3. The Company issued 1, 00,000 equity shares of ₹ 10 each. 60% of the issue was underwritten by M/s Jack and Jill in the ratio 3:2. Application for 80,000 shares were received out of which the marked applications were Jack – 25,000 , Jill – 12,000 , Determine the liability of underwriters.

4. Zepto Ltd showed the following trading results

2019-2020	₹ 50,000
2020-2021	₹ 60,000
2021-2022	₹ 75,000

During the year 2020-2021 the closing stock was undervalued by ₹ 5,000. Calculate the value of goodwill at 3 years purchase of Average profits. Calculate using Weighted Average Method.

5. The Following is the Balance Sheet of Adani Ltd

Balance Sheet as at 31.3.22

Liabilities	₹.	Assets	₹.
2000 6% Preference Shares of ₹. 100/- each	2,00,000	Fixed Assets	3,00,000
30000 Equity Shares of ₹. 10 each	3,00,000	Current Assets	3,00,000
Liabilities	1,00,000		
	<b>6,00,000</b>		<b>6,00,000</b>

The market value of fixed assets is 10% more than book value. The market value of current assets is 5% less than book value. There is an unrecorded liability of ₹ 5000. Assume preference shares have no priority either as to repayment of capital or dividend. You are required to value the equity share.

6. Under which heading would you show the following in company final accounts?
- Discount on issue of debentures
  - Prepaid Insurance
  - Proposed Dividend
  - Calls-in-advance
  - Securities Premium
  - Interest accrued on investments

#### SECTION – C

Answer any TWO of the following questions. Each question carries TWELVE marks.

(2X12=24)

7. The following particulars are available in respect of the business carried on by Telco Ltd.
- Profit earned
 

2019-20	₹.1,00,000
2020-21	₹.96,000
2021-22	₹.1,04,000
  - Profit of 2020-21 is reduced by ₹10,000 due to stock destroyed by fire and profit of 2019-20 includes a non-recurring income of ₹6000
  - Profit of 2021-22 includes ₹4,000 income from investments
  - The stock is not insured and it is through provident to insure the stock in future. The insurance premium is estimated at ₹1,000 PA
  - Normal ROR 10%
  - Average capital employed ₹8,00,000
  - Present value of an annuity of ₹1 for 5 years at 10% is 3.78

You are required to calculate the value of Goodwill

- I. As per 5 years purchase of super profit
- II. As per capitalization of super profit
- III. As per Annuity method.

8. Future Shine Ltd Co, invited applications from public for 2,50,000 shares of ₹.10 each per share. The entire issue was underwritten by underwriters P, Q, R & S to the extent of 30%, 20%, 30% & 20% respectively with the provision of firm underwriting of 7,500; 2,500; 5,000 & 2,500 shares respectively.

The company received applications for 1,75,000 shares. excluding firm underwriting. Out of which the marked applications were 47,000; 52,500; 25,000 & 20,000 in favour of P, Q, R and S respectively Calculate the liability of each of the underwriters treating.

- a) Firm underwriting as marked applications
- b) Firm Underwriting as unmarked applications.

9. The Following is the Balance Sheet of Star Ltd

Balance sheet of Star ltd. as on 31.12.2022

<b>Liabilities</b>	<b>₹</b>	<b>Assets</b>	<b>₹</b>
Share capital: Issues, subscribed and paid up 2000 shares of ₹ 100 each	2,00,000	Land and buildings	1,10,000
General reserve	40,000	Plant and machinery	1,30,000
Profit and loss a/c	32,000	Patents and trade marks	20,000
Sundry creditors	1,28,000	Stock	48,000
Income tax reserve	60,000	Debtors	88,000
		Preliminary exp.	12,000
		Bank	52,000
	<b>4,60,000</b>		<b>4,60,000</b>

The expert valuer valued the land and building at ₹ 2,40,000; goodwill at ₹1,60,000, and plant and machinery at ₹1,20,000. Out of the total debtors, it is found that debtors of ₹ 8000 are bad. The profits of the company have been as follows:

2019-20	₹90,000
2020-21	₹80,000
2021-22	₹1,06,000

The company follows the practice of transferring 25% of profit to general reserve. Similar type of companies each at 10% of the value of their shares. Ascertain the value of shares of the company under:

- a) Intrinsic value method
- b) Yield value method
- c) Fair value method

#### SECTION – D

**Answer any ONE of the following questions. Each question carries SIX marks. (1X6=6)**

10. Prepare a format of statement of Balance sheet as per Schedule III of Companies Act 2013.
11. Brief explain Types of Shares and show the Share Capital Account with imaginary figures?

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