

**Third Semester B.B.A. Degree Examination,
November/December 2019**

(CBCS - 2018-19 - Semester Scheme)

Business Administration

Paper 3.3 - CORPORATE ACCOUNTING

Time : 3 Hours]

[Max. Marks : 70

Instructions to Candidates : Answers should be written in English only.

SECTION - A

Answer any **FIVE** sub-questions. Each sub-question carries **2** marks :

(5 × 2 = 10)

1. (a) What is Issued capital?
- (b) What is Minority interest?
- (c) State any two methods of valuations of shares.
- (d) Define goodwill.
- (e) Give the meaning of financial analysis.
- (f) What is post acquisition profit?
- (g) What are super profits?

SECTION - B

Answer any **THREE** questions. Each question carries **6** marks :

(3 × 6 = 18)

2. Discuss the factors to be considered in valuation of goodwill.
3. From the following information calculate value of an equity share under yield method :
 - (a) The paid up share capital of company consists of 1,000, 15% pref. shares of Rs. 100 each and 20,000 equity shares of Rs. 10 each
 - (b) The average annual profit of the company, after providing for depreciation and taxation amounted to Rs. 75,000. It is considered necessary to transfer Rs. 10,000 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%.

Q.P. Code : 14322

4. Under which heading are the following items shown in the Balance sheet of a company?
- (a) Forfeited share account
 - (b) Under writing commission
 - (c) Share premium
 - (d) Discount on issue of debenture
 - (e) Unclaimed dividend
 - (f) Provision for taxation.

5. Calculate the trend percentages from the following figures of a company by assuming 2014 as base year :

Year	₹ in lakhs		
	2014	2015	2016
Net sales	220	190	250
Cost of goods sold	120	110	150
Gross profit	100	80	100
Operating expenses	20	15	22
Net operating income	80	65	78
Non operating income	20	15	12
Total	100	80	90
Non operating expenses	10	12	15
Net profit	90	68	75

6. From the following particulars relating to the business of X compute the value of goodwill on the basis of 3 years purchase of super profit taking the average of 4 years. Capital invested Rs. 60,000 Managerial remuneration of proprietor if employed elsewhere Rs. 15,000 p.a.

Market rate of interest on investment is 15%

Trading results :

2011 - 30,000 (profit)

2012 - 36,000 (profit)

2013 - 4,000 (loss)

2014 - 44,000 (profit)

SECTION - C

Answer any **THREE** questions of the following. Each question carries **14** marks :
(3 × 14 = 42)

7. The Small Co. Ltd. gives below its Trial Balance for the year ending 31.3.2018 :

Particulars	Dr.	Cr.
10% preference shares	—	10,000
Equity shares	—	49,000
Stock (1.4.2017)	6,000	
Purchases and sales	72,000	98,000
Discount	2,200	4,400
Salaries	12,000	—
Rent	6,000	—
Miscellaneous expenses	500	—
Dividend	4,900	—
Debtors and creditors	28,000	7,000
Machinery	25,000	—
Cash and bank balances	25,500	—
Share premium	—	2,500
Debenture	—	10,000
Interest	3,900	—
Forfeited shares	—	800
Loan to director	5,000	—
Director's fees	3,000	—
Audit fees	2,000	—
Unclaimed dividend	—	1,000
P and L appropriation a/c (1.4.2017)	—	13,300
	<u>1,96,000</u>	<u>1,96,000</u>

Q.P. Code : 14322

- (c) During the year 2012-13 closing stock was undervalued by Rs. 10,000
- (d) Normal rate of return 10%
- (e) Average capital employed Rs. 3,00,000
- (f) Present value of an annuity of one rupee for 5 years at 10% is Rs. 3.78

You are required to calculate the goodwill :

- (i) As per 5 year purchase of super profit
- (ii) As per capitalization of super profit and
- (iii) As per annuity method.