



KARUN  
Nagarjuna Degree College  
38/36, Ramagondanahalli,  
Yelahanka Hobli  
Bengaluru - 560 066

34321

Reg.No.

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III Semester B.Com. Degree Examination, March/April - 2023

COMMERCE

Corporate Accounting

(CBCS Scheme Repeaters 2019-20 )

Paper : 3.3

Time : 3 Hours

Maximum Marks : 70

*Instructions to Candidates:*

Answers should be written in English only.

**SECTION - A**

Answer any Five questions. Each question carries 2 marks.

(5×2=10)

1. a) Bring out the meaning of super profit?
- b) What are calls in advance?
- c) Bring out the formula to calculate the intrinsic value of shares?
- d) Mention any 4 components of current liabilities.
- e) Bring out the meaning of underwriter?
- f) Mention the maximum underwriting Commission permitted as per the company Act on shares.
- g) What is firm underwriting?

**SECTION - B**

Answer any Three questions. Each question carries 5 marks.

(3×5=15)

2. Z Limited was registered with a nominal capital of Rs. 4,00,000 in shares of Rs. 100 each, the details of the issue of shares and amount payable is as under:

Rs. 25 on Application.

Rs. 25 on Allotment.

Rs. 50 on first and final call.

Pass Journal entries.

[P.T.O.]



3. A company issue 20,000 shares of Rs. 10 each for public subscription.

Underwriter	Number of shares underwritten	Marked application
A	5,000	1,000
B	4,000	3,000
C	6,000	2,000

The company received application for 10,000 shares ascertain liability of each underwriter.

4. List out where the following items are recorded in financial statements of the company.

Discount on issue of shares

Bills payable

6 % Debentures

Work in progress

Premises

Copyrights

5. From the following particulars of Nandan Ltd. Calculate the remuneration of Managing director at 5% of net profit.

	Amount
a) Remuneration of Managing Director	10,000
b) Provision for Bad debts	5,000
c) Provision for Tax	75,000
d) Depreciation written off	40,000
e) Loss on sale of investments	35,000
f) Depreciation allowable as income tax rule	35,000
g) Net profit after considering the above items	2,25,000

### SECTION - C

Answer any Three questions. Each question carries 15 marks.

(3×15=45)

6. J Company Limited issued 3,000 equity shares of Rs. 50 each at par, payable on Application Rs. 12.50,

On allotment Rs. 12.50 and

Rs. 25 after three months of allotment

All the shares which were allotted all the money was received except the call on 100 shares, another shareholder allotted with 150 shares paid the amount in full at the time of allotment.

Give Journal entries and Balance sheet of the company.



7. Embassy Ltd. issued 10,000 shares of Rs. 100 each at a premium of Rs. 20 per share.

The entire issue was underwritten by A, B and C as follows:

A-5,000 shares (firm underwriting 1,000)

B-3,000 shares (firm underwriting 500)

C-2,000 shares (firm underwriting 500)

The total application received by the company was 9,000 shares. The following were the marked forms including firm underwriting:

A-3,500 shares

B-1,400 shares

C-1,600 shares

Determine liability of each underwriter if

a) Firm underwriting is treated as unmarked applications.

b) Firm underwriting as marked applications.

8. From the following trial balance and adjustments given below prepare final accounts.

**Trial balance as on 31-3-2001**

Particulars	Debit	Credit
Share capital		300000
Reserve fund		150000
Profit and loss account		125000
Buildings	50000	
Transfer fee		25000
Stock (1-4-2000)	15000	
Bank	20000	
Furniture	150000	
Discount	20000	10000
Wages	25000	
Salaries	20000	
Purchase and sales	200000	300000
Land	300000	
Returns	20000	40000
Trade expenses	15000	
Preliminary expenses	15000	
Interim dividend	39000	
Interest	1000	
Debtors	40000	
Patterns	20000	
	<u>950000</u>	<u>950000</u>

**Adjustments:**

- i. Wages outstanding 200.
  - ii. Depreciate furniture, buildings by 20% and 15% respectively.
  - iii. Write off one third of preliminary expenses.
  - iv. Provide 5% reserve on debtors.
  - v. Out of debtors 1000 are bad.
9. The net profits of the company for the past 5 years are 40,000; 42,000; 45,000; 44,000 and 47,000.

The average capital employed is Rs. 4,00,000. The normal rate of return is 10%.

Calculate Goodwill based on

- Capitalization of Super Profit Method.
  - 5 years purchase of super profit
  - Annuity for a super profits taking present value of annuity for 5 years at Re. 1 at 10% is 3.78.
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