



NP – 290

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III Semester B.Com. Examination, March/April 2023
(NEP)
(2022 – 23 and Onwards) (Freshers)
TOURISM AND TRAVEL MANAGEMENT
Paper – 3.1 : Corporate Accounting

B.Com TTM

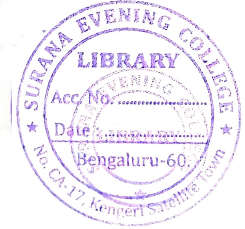
Time : 2½ Hours

Max. Marks : 60

Instruction : Answers to be written in English only.

SECTION – A

1. Answer **any six** sub-questions. **Each** question carries **two** marks. **(6×2=12)**
- Give the meaning of subscribed capital.
 - What is IPO ?
 - What is pure underwriting ?
 - What is the maximum rate of commission payable to an underwriter to underwrite shares and debentures of a company as per law ?
 - What is branding ?
 - Name different types of goodwill.
 - List any two factors affecting the value of shares.
 - What is preference share ?



SECTION – B

Answer **any three** questions. **Each** question carries **four** marks. **(3×4=12)**

2. Naveen Ltd. issued 50000 shares of Rs. 10 each. The whole issue was fully underwritten by A, B, C and D as follows :
- A – 20000 shares, B – 15000 shares, C – 5000 shares and D – 10000 shares. The company received applications for 45000 shares of which marked applications were as follows :
- A = 22000 shares ; B = 11000 shares ; C = 1000 shares and D = 9000 shares.
- Determine the net liability of each underwriter.
3. Prashanth Limited agreed to purchase the business of a sole trader and for that purpose goodwill is to be valued at 3 years purchase of the average of previous 4 years adjusted profits.
- The profits for the year ending 31st March 2019 ; 2020 ; 2021 ; 2022 were as follows :
- ₹ 80,000, ₹ 1,00,000, ₹ 96,000 and ₹ 1,20,000.
- Following additional information is available :
- Annual management expenses ₹ 9,600.
 - Provide insurance premium at ₹ 400 p.a.
- Compute the value of Goodwill.

P.T.O.



4. Following are the particulars of AS Ltd. :
- Fixed Assets ₹ 8,00,000
 - Current Assets ₹ 5,00,000
 - 100000 Equity Shares of ₹ 10 each ₹ 10,00,000
 - Bank Overdraft ₹ 80,000
 - 6% Debentures ₹ 4,00,000
 - Other Current Liabilities ₹ 1,20,000
 - Goodwill ₹ 2,00,000
- The market value of fixed assets is 12% more than the book value and that of current assets is 5% less than book value. There is an unrecorded liability of ₹ 15,000. Ascertain the value of equity share by net asset method.
5. The Vasu Company Ltd. issued 10000 shares of ₹ 10 each. The public subscribed for 8000 shares and were fully allotted. The amount of each shares was payable as under :
- 1) ₹ 2 per share on applications.
 - 2) ₹ 3 per share on allotment.
 - 3) ₹ 2 per share on first call
 - 4) ₹ 3 per share on final call.
- All the calls were made and the money was duly received except first call on 500 shares and final call on 1000 shares.
- Give journal entry in the books of the company.
6. Under which heading would you show the following in company final accounts ?
- a) Provision for taxation.
 - b) Pension fund.
 - c) Unclaimed dividend.
 - d) Underwriting commission.
 - e) Work in progress.
 - f) Loan to employees.

SECTION – C

Answer **any three** questions. **Each** question carries **twelve** marks. **(3×12=36)**

7. The Siddu Co. Ltd., issued for public subscription 20000 shares of ₹ 10 each at a premium of ₹ 2 per share payable as follows :
- On application ₹ 2 per share
 - On allotment ₹ 5 per share (including premium)
 - On first call ₹ 2 per share
 - On final call ₹ 3 per share



Applications were received for 30000 shares, 20000 shares were allotted and excess application money received is returned.

The company made all the calls and the money due were duly received except the final call on 1000 shares. These shares were forfeited and later re-issued as fully paid at ₹ 8 per share.

Pass necessary Journal Entries.

8. Sharath Company Limited issued 100000 equity shares of Rs. 60 each. X, Y, Z and M underwrite the entire issue in the proportion of 40%, 30%, 20% and 10% respectively in consideration of commission in cash at 4%. They also apply for firm share application as follows :

X – 3000 shares, Y – 2000 shares, Z – 2000 shares and M – 3000 shares. Besides the firm applications, the public apply for 60000 shares of which marked applications are as follows :

X – 10000 shares, Y – 6000 shares, Z – 8000 shares and M – 16000 shares. Show the number of shares to be taken up by each of the underwriters treating.

- a) firm applications as marked applications.
- b) firm applications as unmarked applications and
- c) find out the commission payable to underwriters.

9. The Balance Sheet of Chethan Ltd. as on 31-12-2018.

| Liabilities | ₹ | Assets | ₹ |
|------------------------------|-----------------|------------------|-----------------|
| Equity Shares of Rs. 10 each | 2,50,000 | Fixed Assets | 2,00,000 |
| General Reserves | 1,00,000 | Investments | |
| Profit and Loss Account | 50,000 | (5% Govt. Bonds) | 50,000 |
| Current Liabilities | 50,000 | Current Assets | 2,00,000 |
| | 4,50,000 | | 4,50,000 |

Additional Information :

- a) Net profit after taxation
2016 – ₹ 65,000, 2017 – ₹ 62,500, 2018 – ₹ 75,000
- b) Normal rate of return is 10%.
- c) Current Assets are to be taken at ₹ 2,10,000
Ascertain the value of goodwill under :
 - i) 4 years purchase of super profits.
 - ii) Capitalisation of super profits.
 - iii) Annuity of super profits taking annuity factors of Re. 1 for five years at 10% as ₹ 3.78.



10. Following is the Balance Sheet of Apoorva Limited as on 31-3-2019 :

Balance Sheet as on 31-3-2019

| Liabilities | ₹ | Assets | ₹ |
|---|-----------------|----------------------|-----------------|
| 20000 Equity Shares of ₹ 10 each fully paid up | 2,00,000 | Goodwill | 50,000 |
| Reserve Fund | 50,000 | Fixed Assets | 2,25,000 |
| Profit and Loss A/c | 17,500 | Current Assets | 95,000 |
| 6% Debentures | 50,000 | Preliminary Expenses | 12,500 |
| Current Liabilities | 65,000 | | |
| | 3,82,500 | | 3,82,500 |

For the purpose of valuation of shares fixed assets were valued at ₹ 2,50,000 and goodwill at ₹ 75,000. There is a necessity of RBD at 10% on debtors of ₹ 37,500. It was found that the stock was overvalued by ₹ 4,500.

The net profits for the three years were ₹ 34,500, ₹ 35,900 and ₹ 45,100 respectively, after taxation. Out of this profit 20% was placed to reserve, the proportion being considered reasonable in the industry in which the company is engaged and where the normal rate of return is 20%.

Compute the value of each equity share by :

- 1) Intrinsic value method
- 2) Yield method and
- 3) Fair value method.

11. From the given Trial Balance, prepare the Balance Sheet of Ronav Ltd. as on 31-3-22.

Trial Balance as on 31-3-22

| Particulars | Dr. (₹) | Cr. (₹) |
|--|----------------|----------------|
| Share capital (40000 equity shares of ₹ 10 each) | — | 4,00,000 |
| Bills receivable | 90,000 | — |
| 10% Mortgage loan | — | 1,70,000 |
| Stores and spares | 1,15,000 | — |
| Debtors | 1,66,000 | — |
| Plant and Machinery | 2,90,000 | — |
| Goodwill | 40,000 | — |
| Provision for tax | — | 26,000 |
| General Reserve | — | 1,30,000 |
| Cash in hand | 18,000 | — |
| Calls in arrears (at ₹ 2 per share) | 2,000 | — |
| Marketable securities | 5,000 | — |