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**III Semester B.B.A. Degree Examination, March/April-2022**

**BUSINESS ADMINISTRATION**

**Corporate Accounting**

**(CBCS Semester Scheme 2018-19 Repeater)**

**Time : 3 Hours**

**Maximum Marks : 70**

**Instructions to candidates :**

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

**SECTION - A**

Answer any **Five** questions. Each question carries **2** Marks.

**(5×2=10)**

1. a) What is Super Profit?
- b) Mention any two factors considered for valuation of shares?
- c) What is minority Interest?
- d) What do you mean by Interim dividend?
- e) Give the meaning of financial Analysis.
- f) What is share premium?
- g) Define goodwill.

**SECTION - B**

Answer any **Three** questions. Each question carries **6** Marks.

**(3×6=18)**

2. State any six circumstances necessitating valuation of shares.
3. Calculate cost of control from the following 'S' Ltd acquired 75% of equity shares in 'M' Ltd on 1-10-2020 at 50% premium. The following balances are extracted from the Balance sheet of 'M' Ltd as on 31-3-2021.
  - i) Share Capital 20,000 equity shares of Rs.10 each.
  - ii) Balance sheet as on 1-04-2020

General Reserves	Rs.50,000
Profit and Loss account	Rs.10,000
  - iii) Net profit for the year 2020-21 Rs.80,000



4. Under which heading are the following items shown in the balance sheet of a company.
- a) Interest accrued on loans
  - b) Arrears of cumulative dividend
  - c) Forfeited shares account
  - d) Sundry creditors
  - e) Calls in Arrears
  - f) Advance payment of tax.
5. Calculate the trend percentage from the following figures of a company by assuming 2019 as base year Rs.in Lakhs

Particulars	2019	2020	2021
Net sales	110	95	125
Cost of good sold	60	55	75
Gross Profit	50	40	50
Operating expenses	15	13.5	18.5
Net operating Income	40	32.5	39
Non-operating Income	10	7.5	6
Non-operating expenses	50	40	45
Net Profit	35	26.5	31.5

6. Shamitha and company decided to purchase a business. Its profits for the Last 4 years were

17-18	-	40,000
18-19	-	50,000
19-20	-	48,000
20-21	-	46,000

The business was looked after by the management. Remuneration from alternative employment if not engaged in the business comes to Rs.6,000 p.a. Find out the amount of goodwill. If it is valued on the basis of 3 years purchase of the average net profit for the last 4 years.

**SECTION - C**

Answer any **Three** questions. Each question carries **14** Marks.

(3×14=42)

7. Manjula company Ltd is a company with an Authorised capital of Rs.5,00,000 divided into 5000 equity shares of Rs. 100 each. 2500 shares were called and fully paid gives you the following ledger balances as on 31-3-21.

	Rs.
Stock (1-4-20)	50,000
Sales	4,25,000
Purchases	3,00,000
Wages	70,000
Discount allowed	4,200
Discount Received	3,150
Insurance paid (upto 30-06-21)	6,720
Salaries	18,500
Rent	6,000
General Expenses	8,950
P and L account (cr)	6,220
Printing and stationery	2,400
Advertisement	3,800
Bonus	10,500
Debtors	38,700
Creditors	35,200
Plant and Machinery	80,500
Furniture	1,700
Cash at Bank	1,34,700
Reserves	25,000
Loan from MD	15,700
Bad Debts	3,200
Calls in arrears	5,000



You are required to prepare Income statement and Balance sheet for the year ended 31-3-21. The following further information is also given for adjustments.

- a) Closing stock as on 31-3-21 Rs. 91,500
- b) Provide 15% depreciation on plant and machinery and 10% on furniture.
- c) Outstanding liabilities were wages Rs.5,200 salary Rs.1,200 and Rent Rs.6,000
- d) Dividend at 5% on paid up capital is to provided.

8. The balance sheet of Narayana swamy Ltd as on 31-3-20 and 31-3-21 are given below.

<b>Equity and Liabilities</b>	<b>31-3-20</b>	<b>31-3-21</b>
Equity share capital	6,00,000	12,00,000
12% preference share capital	5,00,000	9,00,000
Reserve Fund	4,00,000	5,00,000
P and L account	2,00,000	3,00,000
Long term Loans	2,00,000	5,00,000
Sundry creditors	1,00,000	3,00,000
<b>Total</b>	<b>20,00,000</b>	<b>37,00,000</b>
<b>Assets</b>		
Buildings	6,00,000	12,00,000
Machinery	4,00,000	8,00,000
Investments	4,00,000	5,00,000
Sundry Debtors	1,00,000	4,00,000
Cash at Bank	50,000	1,50,000
Stock-in-Trade	4,50,000	6,50,000
<b>Total</b>	<b>20,00,000</b>	<b>37,00,000</b>

You are required to prepare comparative Balance sheet and comment on financial position.



9. Following is the Balance Sheet of Latha Ltd as on 31-03-2021

Equity and Liabilities	Rs.
Share capital	30,00,000
Reserves and surplus	7,50,000
Creditors	12,50,000
<b>Total</b>	<b>50,00,000</b>
Assets	
Fixed Assets	20,00,000
Current Assets	25,00,000
Investment	5,00,000
<b>Total</b>	<b>50,00,000</b>

The Investment are 8% Government bonds. The Net profit after taxation for the past 4 years were Rs.7,85,000, Rs.8,45,000; 8,50,000 and 8,60,000 respectively. Normal rate of return on average capital employed in 20%. Calculate goodwill at 4 years purchase of super profits.

10. Bhavya Ltd company reveals the following position on 31-3-21.

Equity and Liabilities	Rs.
Paid up capital Rs 10 per share	4,00,000
Reserves	90,000
Profit and Loss account	20,000
5% Debentures	1,00,000
Current Liabilities	1,30,000
<b>Total</b>	<b>7,40,000</b>
Assets	
Fixed Assets	5,00,000
Current Assets	2,00,000
Good will	40,000
<b>Total</b>	<b>7,40,000</b>





On 31-3-21, the fixed assets were valued at Rs.3,50,000 and goodwill at Rs.50,000. The Net profit for the last 3 years were: 51,600; 52,000; 51,650 of which 20% was placed under reserve, this proportion being considered where a fair investment return may be taken at 10%. Compute the value of company shares by

- a) The Net Assets method
- b) The yield
- c) The earning capacity method

11. From the following information you are required to prepare consolidate B/S of 'S' company Ltd and subsidiary 'M' compare Ltd as on 31-3-21.

Equity and Liabilities	'S' Ltd	'M' Ltd
Share capital of Rs.100 each	8,00,000	4,00,000
General Reserves	2,90,000	1,00,000
P and L Account	2,60,000	50,000
Loans	2,00,000	1,00,000
Creditors	1,50,000	60,000
Bills payable	1,00,000	40,000
Total	18,00,000	7,50,000
Assets	'P' Ltd	'M' Ltd
Goodwill	2,00,000	50,000
Plant	5,00,000	2,50,000
Buildings	2,00,000	1,00,000
Investment (3000 shares in M Ltd)	3,60,000	-
Loans and Advances	-	60,000
Stock	1,20,000	90,000
Debtors	1,50,000	1,00,000
Bills Receivable	1,00,000	50,000
Bank	1,70,000	50,000
Total	18,00,000	7,50,000



Additional Information:

- a) Bills payable of 'M' Ltd includes due to 'S' Ltd
  - b) Sundry creditors of 'S' Ltd includes Rs. 50,000 due to 'M' Ltd
  - c) On the date of acquisition of shares (1-4-20) 'M' Ltd B/S showed a general reserve Rs.40,000 and P&L account credit balance of Rs.20,000.
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