



64322

III Semester B.B.A. Examination, March/April 2024
(CBCS Scheme) (Repeaters)
BUSINESS ADMINISTRATION
Paper – 3.3 : Corporate Accounting

Time : 3 Hours

Max. Marks : 70

Instruction : Answers should be written in only **English**.

SECTION – A

1. Answer **any five** questions. **Each** question carries **two** marks. **(5×2=10)**
- a) What is Capital Reserve ?
 - b) What do you mean by Interim Dividend ?
 - c) Define Goodwill.
 - d) State any two methods of valuation of shares.
 - e) Give the meaning of Financial Analysis.
 - f) State the meaning of Super Profit.
 - g) Distinguish between Capital profits and Revenue profits.

SECTION – B

- Answer **any three** questions. **Each** question carries **six** marks. **(3×6=18)**
- 2. Discuss the methods of Financial Analysis.
 - 3. State the factors determining the value of Goodwill.
 - 4. Under which heading are the following items shown in the Balance Sheet of a Company.
 - a) Goodwill.
 - b) Proposed Dividend.
 - c) Share premium.
 - d) Sinking Fund.
 - e) Bank Overdraft.
 - f) Patents and Trade Marks.

P.T.O.



5. Following Information relates to Deepika Ltd.,

4,000, 10% preference shares of ₹ 100 each	₹ 4,00,000
5,000 equity shares of ₹ 100 each	₹ 5,00,000
Average profit Before Tax	₹ 3,22,580
Rate of Tax	38%
Transfer to be made to Reserve	20%
Normal rate of return	15%

Ascertain the value of each equity share under Yield Method.

6. The profits disclosed by SNEHA Ltd. for the past 5 years were as follows :

2018 – 19 ₹ 40,000 (including abnormal profit ₹ 5,000).

2019 – 20 ₹ 50,000 (after charging abnormal loss ₹ 10,000).

2020 – 21 ₹ 45,000 (excluding ₹ 5,000 insurance premium).

2021 – 22 ₹ 60,000

2022 – 23 ₹ 80,000 (Including profit on sale of Building ₹ 20,000).

You are required to calculate the value of Goodwill at 2 years purchase of average profits.

SECTION – C

Answer **any three** questions of the following. **Each** question carries **fourteen** marks.

(3×14=42)

7. The Balance Sheet of 'D' Ltd. and 'G' Ltd. as on 31-3-2023 are as given below :

Equity and liabilities	'D' Ltd.	'G' Ltd.
	₹	₹
Equity share capital	1,50,000	4,00,000
Preference share capital	1,20,000	1,60,000



Reserves	14,000	18,000
Long Term Loans	1,15,000	1,30,000
Bills payable	2,000	—
Creditors	12,000	4,000
Outstanding Expenses	15,000	6,000
Proposed dividend	10,000	90,000
Total	4,38,000	8,08,000

Assets

Land and Building	80,000	1,23,000
Plant and Machinery	3,34,000	6,00,000
Temporary Investments	1,000	40,000
Inventories	10,000	25,000
Book debts	4,000	8,000
Prepaid Expenses	1,000	2,000
Cash and Bank balance	8,000	10,000
Total	4,38,000	8,08,000

Compare the Financial position of two companies with the help of Common Size Balance Sheet.

8. The following is the Trial Balances of Reliance Company Ltd. as on 31-3-2020.

Particulars	Dr.	Cr.
Share Capital	—	3,00,000
Reserve Fund	—	1,50,000
Furniture	40,000	—



10. Following is the summarised Balance Sheet of X Ltd. as on 31-3-2022.

Liabilities	₹	Assets	₹
40,000 shares of ₹ 10 each	4,00,000	Goodwill	1,00,000
Reserve Fund	1,00,000	Fixed Assets	4,50,000
P & L A/c	35,000	Current Assets	1,90,000
9% Debentures	1,00,000	Preliminary Expenses	25,000
Current liabilities	1,30,000		
	7,65,000		7,65,000

For the purpose of valuation of share, Fixed Assets were valued at ₹ 5,00,000 and Goodwill at ₹ 1,50,000. There is a necessity of RBD at 10% on Debtors of ₹ 75,000. It is found that stock was overvalued by ₹ 9,000. The net profit for 3 years were ₹ 69,000, ₹ 71,800, and ₹ 90,200 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 10%.

Compute the value of each Equity Share by Asset method and yield method.

11. Following are the Balance Sheet of a Company for the year ending 31-03-2022 and 31-03-2023.

Liabilities	31-3-2022 (₹)	31-3-2023 (₹)
Share Capital	3,25,000	1,80,000
Preference share Capital	1,50,000	1,00,000
Reserves and Surplus	1,25,000	1,20,000
Long term Loans	4,50,000	2,50,000
Bills payable	30,000	15,000
Sundry Creditors	20,000	7,000
Outstanding Expenses	5,000	2,000
	11,05,000	6,74,000



Assets

Land and Buildings	4,50,000	2,20,000
Plant and Machinery	3,50,000	2,50,000
Investments	50,000	30,000
Debtors	1,70,000	1,40,000
Cash and Bank balance	55,000	20,000
Prepaid Expenses	30,000	14,000
	11,05,000	6,74,000

Compare the financial position of two years with the help of Comparative Balance Sheet and Comment.
