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Total No. of Pages	04
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**B.com (Part II) (Semester- IV) (CBCS) Examination,
Mar. / April -2024**

College Name : Kamala College, Kolhapur.
Sub. Name : CORPORATE ACCOUNTING (Paper -II)
Sub. Code : 73521 **Total Marks: 40**
Day and Date : Tuesday, 16/04/2024 **Time: 02.30pm to 04.30pm**
Instructions: 1) All questions are compulsory.
2) Figures to the right indicate full marks.
3) Use of calculator is allowed.

Q.1) Short answer questions.

a) What is profit prior to incorporation? How is it ascertained? [5]
OR

Explain the basis of apportionment of expenses. [5]

b) Vishal Co. Ltd was incorporated on 1st Aug.2023 to take over the business of Ultra-Modern Co. Ltd as a going concern from 1st April, 2023. The Profit & Loss A/c for the year ending 31st Mar.2024.

Dr. Profit & Loss A/c for the year ending 31st Mar.2024 Cr.

Particulars	₹	Particulars	₹
To Rent & Taxes	12,000	By Gross Profit	1,55,000
To Insurance	3,000		
To Electricity Charges	2,400		
To Salaries	36,000		
To Directors Fees	3,000		
To Auditors Fees	1,600		
To Commission	6,000		
To Advertisement	4,000		
To Discount	3,500		
To Office Expenses	7,500		
To Carriage	3,000		
To Bank Charges	1,500		
To Preliminary Expenses	6,500		
To Bad Debts	2,000		
To Interest on Loan	3,000		
To Net Profit	60,000		

	1,55,000	1,55,000
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The total turnover for the ending 31st Mar.2018 was ₹ 5,00,000 divided into ₹ 1,50,000 for the period upto 1st Aug.2017 & ₹ 3,50,000 for the remaining period.

Ascertain the profits earned prior to incorporation of the company. [5]

OR

Anuja Co. Ltd. was registered on 1st Jan. 2023 to take over business of a Megha Co. Ltd. as from 1st Oct.2022. Following is the Profit and Loss A/c of the company for the year ending 30th Sep. 2023.

Profit and Loss A/c

Particulars	₹	Particulars	₹
To Salary	16,000	By Gross Profit	2,00,000
To Repairs	12,000		
To stationary	16,000		
To Depreciation	20,000		
To Rent and Rates	8,000		
To General Expenses	8,000		
To Bad Debts	22,000		
To Preliminary Expenses	4,000		
To Audit Fees	8,000		
To Interest to Vendor (Upto 1 st March 2023)	20,000		
To Debenture Interest	6,000		
To Discount	5,000		
To Commission on Sales	15,000		
To Net Profit	40,000		
	2,00,000		2,00,000

- The sales of the prior period were 2/5 of the total sales for the year.
- Out of Bad debts written off ₹ 6,000 related to the debts taken over from firm.

Ascertain profit prior to and after incorporation of the Vinod Co. Ltd. [5]

Q 2) Short answer questions

- Explain the methods of valuation of shares [5]

OR

What is intrinsic value of shares? How is it determined? [5]

- Following is the information of Rakesh Manufacturing Ltd.

- 25,000 equity shares capital of ₹ 100each ₹ 25,00,000
- 8% Preference share Capital Of ₹ 10 each ₹ 2,50,000



- iii. The profits for the last five years were as 2017-18 ₹ 6,45,000, 2018-19 ₹ 7,05,000, 2019-20 ₹ 8,10,000, 2020-21 ₹ 9,00,000 and 2021-22 ₹ 6,67,500.
- iv. The taxation provision is to be made at 5%
- v. Profit earning capacity of similar company show 10%.
- vi. Transfer to reserve ₹ 37,500 every year.
- Find out Market value of equity shares. [5]

OR

Following is the balance sheet of Prathamesh Co. Ltd. as on 31st March 2023.

Balance sheet as on 31st March 2023

Liabilities	₹	Assets	₹
Share capital: 5,000 equity shares of ₹ 100 each	5,00,000	Goodwill	1,20,000
Profit and Loss A/c	50,000	Investments	4,80,000
General Reserve	1,50,000	Stock	5,00,000
10% Debenture	4,50,000	Sundry Debtors	3,00,000
Sundry Creditors	1,50,000	Cash at Bank	1,00,000
Workmen's Saving Bank A/c	2,00,000		
	<u>15,00,000</u>		<u>15,00,000</u>

Additional Information:

- i. The profits for the 5 years were, 2019-₹25,000, 2020-₹35,000, 2021-₹50,000, 2022-₹60,000, and 2023-₹80,000.
- ii. The market value of investment was ₹4,00,000.

Liabilities	₹	Assets	₹
Share Capital		Cash at Bank	3,400
4,000 Equity Shares of ₹ 100 each	4,00,000	Plant & Machinery	1,20,000
Secured Creditors	1,00,000	Furniture	10,000
Creditors (including ₹ 2,000 Preference Creditors)	3,02,000	Stock	1,80,000
	<u>8,02,000</u>	Debtors	3,60,000
		Profit & Loss A/c	1,28,600
			<u>8,02,000</u>

- iii. Goodwill is to be valued on 3 years purchase of average annual profits for the last 5 years.
Find the intrinsic value of each share. [5]



Q 3) Short answer questions

a) Liquidators Final Statement of Account

[5]

OR

Preference Creditors

[5]

b) Yashwant Company Ltd. went into voluntary liquidation on 31st March 2023 on which date its position was as follows.

Balance Sheet as on 31st March 2023

The secured creditors holding charge over Machinery realised by creditors for ₹ 1, 10,000. Other assets were realised by Liquidator as follows.

Furniture	₹ 5,000	Stock	₹ 1,85,000
Sundry Debtors	₹ 3,50,000		

The expenses of liquidation amounted to ₹ 2,500 and the Liquidators remuneration is 2% on assets realised by him.

Prepare Liquidators Final Statements of Accounts.

[10]

OR

The weak company Ltd. went into voluntary liquidation on 31st March 2023 when its Balance Sheet was as under.

Balance Sheet as on 31st March 2023

Liabilities	₹	Assets	₹
Share Capital 19,500 Equity Shares of ₹ 10each	1,95,000	Freehold Property	98,000
Loan secured by freehold property	55,000	Plant & Machinery	65,000
Preference Creditors	24,300	Stock	55,400
Unsecured Creditors	1,12,000	Debtors	64,000
		Cash	3,900
		Profit & Loss A/c	1,00,000
	<u>3,86,300</u>		<u>3,86,300</u>

The Liquidators realised assets as follows.

Freehold Property	₹ 35,000	Plant & Machinery	₹ 52,000
Stock	₹ 39,000	Sundry Debtors	₹ 60,000

The expenses of liquidation amounted to ₹ 1,000.

Liquidators remuneration was agreed at 2.5% on assets realised by him and 2% on the amount paid to unsecured creditors excluding preferential creditors.

Prepare Liquidators Final Statements of Accounts.

[10]

Q4) Short Answer Questions

a) Explain objectives of inventory control system.

[5]

OR

b) Functions and Duties of Storekeeper

[5]