



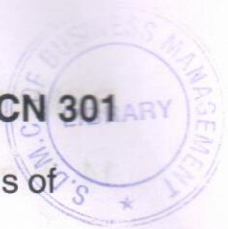
11. Sea Ltd., was incorporated on 1.7.2021 to take over the business of Shell Company Ltd. as from 1.4.2021. The following is the Profit and Loss A/c for the year ended 31st March 2022.

	Rs.		Rs.
To Salary	72,000	By Gross Profit	1,60,000
To Rent and Rates	3,600		
To Office expense	24,000		
To Commission on sale	16,000		
To Advertisements	4,000		
To Audit fees	2,000		
To Depreciation	8,000		
To Interest on debentures	6,000		
To Directors fees	2,000		
To Preliminary expenses	2,000		
To Printing and stationery	4,000		
To Sundry expenses	800		
To Bad debts	1,600		
To Net profit	14,000		
	1,60,000		1,60,000

Additional Information :

- a) Sales upto 1.7.2021 amounts to Rs. 1,60,000 and thereafter Rs. 2,40,000.
- b) Rent was paid at Rs. 300 per month.

Prepare a statement showing Profit or Loss prior to incorporation.



12. From the following information, calculate the value of goodwill on the basis of 3 years purchase of super profit method.

Average capital employed in the business is Rs. 20,00,000.

Normal rate of return 10%.

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Net Trading profits of the firm for the past three years were Rs. 3,50,400, Rs. 2,80,300 and Rs. 3,10,100.

13. The following is the summarized balance sheet of 'P' Ltd as at 31.3.2022.

Liabilities	Rs.	Assets	Rs.
35,000 equity shares of Rs.10		Fixed assets	2,20,000
each fully paid	3,50,000	Investments	40,000
9% cumulative preference		Stock	80,000
share	60,000	Debtors	40,000
Long term loan	60,000	Cash and Bank	40,000
Sundry creditors	80,000	Profit and Loss A/c	1,30,000
	5,50,000		5,50,000

Other Information :

- i) Current cost of fixed assets is Rs. 3,70,000 and that of stock is Rs.1,00,000.
- ii) Investments could fetch only Rs. 10,000.
- iii) 50% of debtors are doubtful.

Find out intrinsic value per share by net assets method.



14. From the following balances, prepare Profit and Loss A/c of Bharath Co. Ltd. on 31st March 2022.

Balances	Rs.
Sales	9,00,000
Purchases	6,00,000
Stock on 1-4-2021	2,00,000
Purchases Returns	20,000
Stock on 31-03-2022	1,80,000
Depreciation	10,000
Sundry expenses	12,000
Salaries and wages	24,000
Interest on debentures	1,000
Cost of material consumed	10,000

Note : Provision for tax at the rate of 50% of profit before tax.

SECTION – C

Answer **any two** questions.

(2x15=30)

15. Aakaar Ltd. issued 10,000 shares of Rs.10 each at a premium of Re.1 per share. The entire issue was underwritten as follows :

A : 5,000 shares (firm underwriting 2,000 shares)

B : 3,000 shares (firm underwriting 1,000 shares)

C : 2,000 shares (firm underwriting 500 shares)

Shares applied for 7,500 shares. The marked forms including firm underwriting were :

A – 2,500 shares B – 1,500 shares C – 1,000 shares

The underwriters were entitled to a commission of 5%. Calculate each underwriter's liability and pass journal entries.



16. Akriti Ltd., was incorporated on 1st April 2021 with an authorized capital of 25,000 equity shares of Rs. 10 each. The trial balance of the company on 31st March 2022 was as follows :

Particulars	Debit (Rs.)	Credit (Rs.)
Share capital		1,12,500
Freehold land	12,500	
Buildings	32,500	
Furniture	3,750	
Salaries	6,000	
Purchases	2,42,500	
Sales (including prior to incorporation Rs. 37,500)		2,25,000
Debtors and Creditors	22,500	10,625
Rent received		3,000
Rent and taxes	1,500	
Repairs	750	
Directors fees	600	
Other expenses	3,600	
Cash in hand	900	
Cash at bank	24,025	
	3,51,125	3,51,125

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Prepare the statement of Profit and Loss of the company for the year ending 31st March 2022 after taking into account the following :

- a) Stock on 31st March 2022 Rs. 70,000
- b) Bad debts Rs. 250
- c) Provision for doubtful debts to be made at Rs. 1,250
- d) Depreciate Building by 5% and Furniture by 10%.



17. From the following information, compute the "Intrinsic value" of an equity share of Sunny Ltd.

Liabilities	Rs.	Assets	Rs.
2,000 equity shares of		Land and Building	80,000
Rs.100 each, fully paid	2,00,000	Plant and Machinery	80,000
2,000 – 6% preference shares		Book debts	10,000
of Rs. 10 each	20,000	Stock-in-trade	40,000
General Reserve	50,000	Cash and Bank balance	70,000
5% debentures of Rs. 100 each	20,000	Investment in 5%	
Sundry creditors	20,000	Govt. securities	30,000
	3,10,000		3,10,000

- a) Fair return on capital employed in this type of business is 10% p.a.
- b) Goodwill is to be taken at 4 years purchase value of super profits.
- c) Average of the profits for the last seven years is Rs. 38,000. Profit is more or less stable over years and the same trend is expected to be maintained in the near future. Ignore taxation.



18. From the following information, relating to Konandur Ltd., prepare a Balance sheet as per Schedule III as on 31-3-2022.

Debit Balances	₹	Credit Balances	₹
Fixed assets	50,00,000	<u>Share capital</u>	
Investments	2,50,000	Equity shares of ₹10 each	10,00,000
Debtors	13,80,000	Preference shares of	
Loans and advances	5,30,000	₹100 each	8,00,000
Miscellaneous expenditure	60,000	Securities Premium A/c	8,00,000
Profit and Loss A/c (loss)	4,00,000	Secured loans	18,00,000
Goodwill	3,00,000	Bills payable	3,00,000
Closing stock	14,00,000	General Reserve	32,00,000
Cash and Bank	3,40,000	Unsecured loans	3,10,000
		Creditors	12,50,000
		Provision for taxation	2,00,000
	96,60,000		96,60,000

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