



7010

**II Semester 5 Year B.Com. LL.B.**  
**Examination, Jan./Feb. 2025 (Odd Sem.)**  
**CORPORATE ACCOUNTING**

Duration : 3 Hours

Max. Marks : 80

- Instructions :**
1. Answer all five Units.
  2. One essay type question and short note/problems is compulsory from each Unit.
  3. Figures to the right indicate marks.
  4. Answers should be written in English Only.
  5. Use simple calculator only.

**UNIT – I**

- Q. No. 1. a) A Ltd. made an issue of 6000 shares which were underwriters as follows :  
X – 3000 shares; Y – 1800 and Z – 1200 shares in addition, there was firm underwriting as follows : X – 300 shares; Y – 150 shares and Z – 450 shares  
The total subscriptions including firm underwriting were for 4560 shares. The following marked form were included in the subscriptions.  
X – 900 shares Y – 1350 shares, Z – 510 shares show the allocation of liabilities of each underwriter,  
If the benefit of firm underwriting applications is not given to individual underwriters, by treating them like unmarked forms

Marks : 10

**OR**

- Q. No. 1. a) S Ltd. made a public issue of 80,000 equity shares of Rs. 10 each. The entire issue was underwritten by five underwriters as follows :  
A – 25%; B – 15%; C – 10%; D – 30% and E – 20%  
Applications bearing the rubber stamp of an underwriter are to be applied in relief of his liability.  
As a result of the issue, the following applications were received.

P.T.O.



Bearing rubber stamp of A for 11,000 shares

Bearing rubber stamp of B for 8,200 shares

Bearing rubber stamp of C for 7,400 shares

Bearing rubber stamp of D for 6,600 shares

Bearing rubber stamp of E for 6,800 shares

Not bearing any stamp                      24,000

**64,000**

You are required to find out the liability of individual underwriters.

Q. No. 1. b) Write a note on complete and partial underwriting.

Marks : 6

OR

Q. No. 1. b) Write a short note on importance of underwriting.

#### UNIT – II

Q. No. 2. a) X Co. Ltd. issued 4000 shares of Rs. 10 each at a premium of Rs. 2 per share. The amount was payable as under :

On application Rs. 3 per share

On allotment Rs. 4 per share (including premium)

On first call Rs. 3 per share

On second call Rs. 2 per share

The company received applications for 5000 shares and the allotment was made as under

i) Applicants for 200 shares – NIL

ii) Applicants for 800 shares – Full

iii) Applicants for 4000 shares – 3200 shares

All moneys were duly received except the first call on 200 shares and final call on 300 shares. Pass journal entries.

Marks : 10

OR



Q. No. 2. a) Green Ltd. issued 2000 shares of Rs. 100 each. The issue was fully subscribed by paying Rs. 20 per share on application. The balance was payable as to Rs. 25 on allotment adjustment of discount, Rs. 25 on first call and Rs. 30 on final call.

All the calls were made and received with an exception of final call on 200 shares held by one Mr. Z.

Pass journal entries to record the above and show the resultant balance sheet.

Q. No. 2. b) Difference between equity and preference shares

Marks : 6

OR

Q. No. 2. b) Explain types of share capital.

UNIT – III

Q. No. 3. a) P Ltd. was incorporated on 31<sup>st</sup> July 2019 to purchase the business of H and Co., as on 1<sup>st</sup> April 2019. The books of accounts disclosed the following on 31<sup>st</sup> March 2020.

Marks : 10

(1) Sales for the year Rs. 32,10,400

(1<sup>st</sup> Apr. to 31<sup>st</sup> July 2019 Rs. 8,02,600; 1<sup>st</sup> July 2019 to 31<sup>st</sup> March 2020 Rs. 24,07,800)

(2) Gross profit for the year Rs. 4,12,800; managing director's salary Rs. 12,000; Preliminary expenses written off Rs. 18,000  
Company secretary's salary Rs. 58,000

(3) Bad debts written off Rs. 14,890

(Prior to 31<sup>st</sup> July Rs. 4,020 after 31<sup>st</sup> July Rs. 10,870)

(4) Depreciation on machinery Rs. 25,200 general exp. Rs. 51,000; Advertising Rs. 7,400; interest on debentures Rs. 20,000

You are required to prepare a statement apportioning properly the net profit of the company as between

(a) Profits available for distribution.

(b) Profit prior to incorporation.

OR



- Q. No. 3. a) A firm which was carrying on business from 1<sup>st</sup> Jan. 2018 gets itself incorporated as a company on 1<sup>st</sup> May 2018. The first accounts are drawn upto 30<sup>th</sup> Sep. 2018. The gross profit for the period is Rs. 56,000 The general expenses are Rs.14,200; directors fees Rs. 12,000 p.a. formation expenses Rs. 1,500. Rent upto 30<sup>th</sup> June was Rs. 1,200 p.a., after which it was increased to Rs. 3,000 p.a. salary of the manager, who upon incorporation of the company was made a director, was Rs. 6,000 p.a. His remuneration thereafter was included in the above figures of fees to directors.

Give profit and loss a/c showing pre and post incorporation profits. The net sales were Rs. 8,20,000 the monthly average of which for the first four months of 2018 being one half of that of the remaining period. The company earned on uniform profit, interest and tax may be ignored.

- Q. No. 3. b) Write a note on time ratio and sales ratio.

Marks : 6

OR

- Q. No. 3. b) Write a note on profit prior to incorporation.

#### UNIT – IV

- Q. No. 4. a) Bring out the various methods of valuation of shares.

Marks : 10

OR

- Q. No. 4. a) From the following information calculate the value of goodwill on the basis of 3 year purchase of super profit.

- Average capital employed in the business is Rs. 20,00,000
- Rent of interest expected from capital having regard to the risk involved is 10%
- Net trading profit of the firm for the past three years were Rs. 3,50,400; Rs. 2,80,300 and Rs. 3,10,100
- Fair remuneration to the partners for their services is Rs. 48,000 p.a.
- Sundry assets of the firm are Rs. 23,50,400 and current liabilities are Rs. 95,110.



Q. No. 4. b) Write a note on factors affecting the value of shares.

Marks : 6

OR

Q. No. 4. b) Write a note on capital employed.

UNIT – V

Q. No. 5. a) A Ltd. was registered with an authorised capital of Rs. 6,00,000 in equity shares of Rs. 10 each. The following is its Trial balance as 31<sup>st</sup> March 2018.

Marks : 10

**Trial Balance of A Ltd.**

|                      | Debit (Rs.) | Credit (Rs.) |
|----------------------|-------------|--------------|
| Goodwill             | 25,000      |              |
| Cash                 | 750         |              |
| Bank                 | 39,900      |              |
| Purchases            | 1,85,000    |              |
| Preliminary expenses | 5,000       |              |
| Share capital        |             | 4,00,000     |
| 12% Debentures       |             | 3,00,000     |
| P and L A/C (Cr)     |             | 26,250       |
| Calls in arrears     | 7,500       |              |
| Premises             | 3,00,000    |              |
| Plant and machinery  | 3,30,000    |              |
| Interim dividend     | 39,250      |              |



Sales 4,15,000

Stock (1-4-2017) 75,000

Furniture and fixtures 7,200

Sunday debtors 87,000

Wages 84,865

General expenses 6,835

Freight and carriage 13,115

Salaries 14,500

Directors fees 5,725

Bad debts 2,110

Debenture interest paid 18,000

Bills payable 37,000

Sundry creditors 40,000

General reserve 25,000

Provision for bad debts 3,500

**12,46,750 12,46,750**

Prepare statement of profit and loss in proper form after making the following adjustments :

i) Depreciation plant and machinery by 15%

ii) Write off preliminary expenses.



- iii) Provide for 6 months interest on debentures.
- iv) Leave bad and doubtful debts provision at 5% on sundry debtors.
- v) Provide for income tax at 50%.
- vi) Stock on 31-3-2018 was Rs. 95,000
- vii) Provide for corporate dividend tax @ 17.65%

OR

Q. No. 5. a) Write the vertical format of Balance Sheet with 10 imaginary figures.

Q. No. 5. b) Write the format of profit and loss a/c (Verticle).

Marks : 6

OR

Q. No. 5. b) Write a note on different types of dividend.

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