



II Semester 5 Year B.Com. LL.B. Examination, March/April 2021
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. Answer should be written in **English** completely.

UNIT – I

Q. No. 1. a) Fast Forward Limited made an issue of 60,000 shares which were underwritten as follows : Marks : 10

X – 30,000 shares : Y – 18,000 shares and Z – 12,000 shares. In addition, there was firm underwriting as follows : X – 3,000 shares : Y – 1,500 shares and Z – 4,500 shares.

The total subscriptions including firm underwriting were for 45,000 shares.

The following marked form were included in the subscriptions.

X – 9,000 shares, Y – 13,500 shares, Z – 5,100 shares. Show the allocation of liabilities of each underwriter.

If the benefit of firm underwriting applications is given to individual underwriters by treating them like marked forms.

OR

a) Kumar Co. Ltd. was formed with a capital of Rs. 10,00,000 in Rs. 10 shares, the whole amount being issued to the public. The underwriting of these shares was as follows : Marks : 10

A – 35,000; B – 30,000; C – 20,000; D – 10,000;
E – 3,000; F – 2,000.

P.T.O.



All the marked application forms were to go in relief of the underwriters whose stamp they bear. The application forms marked by the underwriters were :

A – 10,000; B – 22,500; C – 20,000; D – 7,500; E – 5,000;
F – Nil.

Applications for 20,000 shares were received on forms not marked. Draw up a statement showing the number of shares each underwriter had to take up.

Q. No. 1. b) Write a note on marked and unmarked application.

Marks : 6

OR

b) Explain the term firm underwriting.

Marks : 6

UNIT – II

Q. No. 2. a) Hari and Co. Ltd. was registered with an authorised capital of Rs. 20,00,000 divided into 20,000 shares of Rs. 100 each. The company offered 12,000 shares to the public which were payable : Rs. 20 per share on application, Rs. 40 per share on allotment and Rs. 40 on call. Application for 18,000 shares were received on which the directors allotted as follows :

Marks : 10

Applicants for 10,000 shares – Full

Applicants for 5,000 shares – 2,000 shares

Applicants for 3,000 shares – Nil.

The excess application money was adjusted towards allotment. All the money due on allotment and call was fully received. Make the necessary entries in the company's book.

OR

a) A Ltd. issued 6,000 shares to the public @ Rs. 100 each, payable as to Rs. 12.50 on application, Rs. 12.50 on allotment, Rs. 25 three months after allotment and the balance to be called up as and when required. All moneys upto allotment were duly received, but as regards the call of Rs. 25, a share holder holding 200 shares did not pay the amount due.

Marks : 10



Another shareholder who was allotted 300 shares paid them up in full.

Show the necessary journal entries to record the above transactions and show how the capital should appear on the balance sheet.

Q. No. 2. b) Write a note on 'Pro-rata' allotment of shares. Marks : 6

OR

b) Write a short notes on various types of shares. Marks : 6

UNIT – III

Q. No. 3. a) Ganesh Ltd. was registered on 1-7-97 to acquire the running business of S & Co. with effect from 1-1-97. The following was the Profit and Loss Account of the company on 31-12-97. Marks : 10

Particulars	Rs.	Particulars	Rs.
To office expenses	54,000	By Gross profit	2,25,000
To formation Exp.	10,000		
To stationery and postage	5,000		
To selling exp.	60,000		
To directors fees	20,000		
To net profit	76,000		
	2,25,000		2,25,000

You are required to prepare a statement showing profit earned by the company in the pre and post incorporation periods. The total sales for the year took place in the ratio of 1 : 2 before and after incorporation respectively.

OR

a) A company was incorporated on 1st May 2019 acquiring the business of a sole trader with effect from 1st Jan. 2019. The accounts of the company were closed for the first time on 30th Sep. 2019, disclosing a gross profit of Rs. 1,68,000. The establishment expenses were Rs. 42,660,



director's fees Rs. 3,000 p.m. Preliminary expenses written off Rs. 4,000 rent upto June, 2019 was Rs. 300 p.m. which was thereafter increased to Rs. 750 p.m. Salary to the manager was at Rs. 1,500 p.m. who was appointed a director at the time of incorporation of the company.

Prepare a statement showing profits prior and subsequent to incorporation assuming that the net sales were Rs. 24,60,000 the monthly average of which for the first four months of 2017 was half of that of the remaining period.

Marks : 10

Q. No. 3. b) What is profit prior to incorporation ?

Marks : 6

OR

b) Rajan, a small scale industrialist decided to convert his firm into a limited company with effect from 1st April 2016. But he obtained the certificate of incorporation on 1st Aug. 2016 and the certificate to commence business on 1st Oct. 2016.

Marks : 6

His accounts were closed on 31st Dec. 2016. Find out the time ratio for the purpose of ascertaining pre incorporation profit.

UNIT – IV

Q. No. 4. a) Explain and illustrate different methods of calculating goodwill.

Marks : 10

OR

a) The following is the Balance Sheet of NSC Ltd. as on 31st Dec. 2018.

Marks : 10

Liabilities	Rs.	Assets	Rs.
4,000 10% pref.		Sundry	
shares of Rs. 100 each	4,00,000	Assets at	
60,000 equity		Book value	12,00,000
shares of Rs. 10 each	6,00,000		
Bills payable	50,000		
Creditors	1,50,000		
	12,00,000		12,00,000



The market value of 60% of the assets is estimated to be 15% more than the book value and that of the remaining 40% at 10% less than the book value. There is an unrecorded liability of Rs. 10,000.

Find the value of each equity share it is to be assumed that preference shares have no prior claim as to payment of dividend or to repayment of capital.

Q. No. 4. b) Define Goodwill. Explain its features.

Marks : 6

OR

b) How do you calculate average capital employed ?

Marks : 6

UNIT – V

Q. No. 5. a) M. Co. Ltd. is a company with an authorised capital of Rs. 5,00,000 divided into 5,000 equity shares of Rs. 100 each on 31-12-2019 of which 2,500 shares were fully called up. The following are the balances extracted from the ledger as on 31-12-2019.

Marks : 10

Trial Balance of M. Co. Ltd.

Debit	Rs.	Credit	Rs.
Opening stock	50,000	Sales	3,25,000
Purchases	2,00,000	Dis. received	3,150
Wages	70,000	Profit and Loss A/c	6,220
Dis. allowed	4,200	Creditors	35,200
Insurance			
(upto 31-3-2020)	6,720	Reserves	25,000
Salaries	18,500	Loan from	
Rent	6,000	Managing Director	15,700
General expenses	8,950	Share capital	2,50,000



Printing	2,400	
Advertisement	3,800	
Bonus	10,500	
Debtors	38,700	
Plant	1,80,500	
Furniture	17,100	
Bank	34,700	
Bad debts.	3,200	
Calls-in-arrears	5,000	
	6,60,270	6,60,270

You are required to prepare statement of profit and loss for the year ended 31-12-2019. The following further information is given.

- (i) Closing stock was valued at Rs. 1,91,500.
- (ii) Depreciation on plant at 15% and on furniture at 10% should be provided.
- (iii) A tax provision of Rs. 8,000 is considered necessary.
- (iv) The directors declared an interim dividend on 15-8-2019 for 6 months ending June 30, 2019 @ 6%.
- (v) Provide for corporate dividend tax @ 17%.

OR



Q. No. 5. a) Following balance have been extracted from the books of I Co. Ltd. as on 31st Mar. 2019.

Marks : 10

Particulars	Dr. (Rs.)	Cr. (Rs.)
Machinery	1,60,000	
Land and Building	6,74,000	
Dep. on machinery	16,000	
Purchases (adjusted)	4,00,000	
Closing stock	1,50,000	
Wages	1,20,000	
Sales		10,00,000
Salaries	80,000	
Bank overdraft		2,00,000
10% Debentures (Issued on 1 st April 2018)		1,00,000
Equity share Capital - Shares of Rs. 100 each (fully paid)		2,00,000
Preference share capital - 1,000 6% shares of Rs. 100 each (fully paid)		1,00,000

The Board of Directors of I Co. Ltd. had decided to make the following appropriations :

- (i) To declare an equity dividend @ 10% on paid up capital.
- (ii) To pay dividend on the preference share capital in full.
- (iii) To transfer Rs. 2,00,000 to general reserve.

Prepare statement of profit and loss for the year ended 31st Mar. and the Balance Sheet as at that date. Ignore the income tax.

Q. No. 5. b) Write a note on revenue from operations.

Marks : 6

OR

b) Give a short note on shareholders funds.

Marks : 6