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**7010**

**II Semester 5 Year B.Com. LL.B.**
**Examination, January/February 2026 (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. **Answer should be written in English only.**

UNIT – I

Q. No. 1. (a) AB Co. Ltd. incorporated on 10th January 2023 issued prospectus inviting applications for 10,00,000 equity shares of Rs. 10 each. The whole issue was underwritten by A, B, C and D in the ratio 4 : 3 : 2 : 1 respectively. Applications were received for 9,00,000 shares of which marked applications were as follows : Marks : 10
A – 4,40,000 shares, B – 2,20,000 shares, C – 1,80,000 shares, D – 20,000 shares. You are required to find out the liabilities of underwriters as also the commission receivable by each underwriter.

OR

Q. No. 1. (a) Deepa Ltd. issued 1,00,000 shares of Rs. 100 each at a premium of Rs. 20 per share. The entire issue was underwritten by A, B and C as follows. Marks : 10
A – 50,000 shares (Firm underwriting 10,000 shares)
B – 30,000 shares (Firm underwriting 5,000 shares)
C – 20,000 shares (Firm underwriting 5,000 shares)
Public has applied for 90,000 shares. The following are the marked forms including firm underwriting.
A – 35,000 shares, B – 14,000 shares and C – 16,000 shares.
Determine the liability of each underwriter.

Q. No. 1. (b) Write a short note on underwriting of shares. Marks : 6

OR

Q. No. 1. (b) Cat Ltd. issued 10,000 shares of Rs. 10 each. These shares were underwritten as follows : Goat – 5,000 shares and Sheep – 3,000 shares. The public applied for 8000 shares which included marked applications as follows : Marks : 6
Goat – 1200 and Sheep – 300 shares.
Prepare a statement of underwriter's liability.

**P.T.O.**

UNIT – II

Q. No. 2. (a) A company was floated with a capital consisting of 10,000, 10% preference shares of Rs. 100 each. Payable at Rs. 25 per share on application, Rs. 25 per share on allotment and Rs. 50 per share on 1st and final call and 1,50,000 equity shares of Rs. 10 each payable Rs. 2.5 per share on application, Rs. 2.5 per share on allotment and Rs. 5 per share of first and final call. Applications were received for whole of preference and equity shares. All the money due on shares was paid with the exception of amount due on first and final call on 2000 shares of equity. Make necessary entries. Marks : 10

OR

Q. No. 2. (a) Good Ltd. issued 1000 equity shares to the public at Rs. 10 each. The shares were payable on application – Rs. 3, on allotment – Rs. 3 and on 1st call – Rs. 2 and on final call – Rs. 2. The public applied for all the shares which were allotted. All money was received except on final call on 50 shares. Give journal entries. Marks : 10

Q. No. 2. (b) Explain the types of share capital. Marks : 6

OR

Q. No. 2. (b) Explain the types of debentures. Marks : 6

UNIT – III

Q. No. 3. (a) Swan Ltd. was registered on 1st April 2018 to take over the business of Duck and Co. from 1st January 2018. The company was granted a certificate of commerce of business on 1st June 2018. The information extracted from books of account is as under. Marks : 10

a) Sales during the period January to December 2018 is Rs. 4,80,000. The trend of sales was as under
January to February – Half the average sales in each month.
May to July – Average sales in each month October – Average sales.
November and December – Half the average sales in each month.
b) Cost of goods sold – Rs. 1,20,000.
c) Salary and other administration charges – Rs. 12,000.
d) Bad debts – Rs. 4,800.
e) Interest on purchase consideration paid by the company to vendors on 1st August 2018 Rs. 4,200.
f) Expenses related to company – Rs. 17,800.

OR

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Q. No. 3. (a) Surbhi Ltd. was incorporated on 1st July 2018 and received its certificate of commencement of business on 1st August 2018. The company bought the business of M/S Big Ltd. with effect from 1st March 2018. From the following figures relating to the year ending February 28th, 2019. Find out the profits available for dividends : Marks : 10

a) Sales for the year were Rs. 12,00,000 out of which sales upto 1st July were Rs. 5,00,000.
b) Gross profit for the year Rs. 3,60,000.
c) The expenses debited to statement of profit and loss were
Rent – Rs. 18,000
Salaries – Rs. 30,000
Director's fees – Rs. 9,600
Interest on debentures – Rs. 10,000
Audit fees – Rs. 3,000
Discount on sales – Rs. 7,200
Depreciation – Rs. 48,000
General expenses – Rs. 9,600
Commission on sales – Rs. 12,000.

Q. No. 3. (b) Write a short note on pre incorporation and post incorporation period. Marks : 6

OR

Q. No. 3. (b) Write a short note on sales ratio and time ratio. Marks : 6

UNIT – IV

Q. No. 4. (a) From the given Balance sheet and other information, you are required to ascertain the value of equity shares under intrinsic value method and yield value method. Marks : 10

| **Liabilities** | **Rs.** | **Assets** | **Rs.** |
|---|---|---|---|
| 500 shares of Rs. 100 each | 50,000 | Land | 27,500 |
| General reserve | 10,000 | Plant and machinery | 32,500 |
| Profit and loss a/c | 8,000 | Patents | 5,000 |
| Creditors | 32,000 | Stock | 12,000 |
| Bills payable | 15,000 | Debtors | 22,000 |
| | | Cash and Bank | 13,000 |
| | | Preliminary expenses | 3,000 |
| | **1,15,000** | | **1,15,000** |

An independent expert valued the assets of company as follows :
Land – Rs. 60,000
Goodwill – Rs. 40,000
Plant and machinery – Rs. 30,000
The other assets are worth their book value. The profits of company have been as follows :
2004 – 05 – Rs. 20,000
2005 – 06 – Rs. 22,500
2006 – 07 – Rs. 26,500
The company follows the practice of transferring 20% of profits to general reserve. Normal rate of return 5%.

OR

Q. No. 4. (a) Chandra Ltd. profit for the last five years are as follows : Marks : 10

Rs. 5,00,000 Rs. 5,85,000, Rs. 6,25,000, Rs. 7,15,000 and Rs. 7,65,000 respectively. Normal rate of return on average capital employed is 9%. The investments are 8% government treasury bills. The Balance sheet of Chandra Ltd.

| **Liabilities** | **Rs.** | **Assets** | **Rs.** |
|---|---|---|---|
| Share capital | 10,00,000 | Fixed Assets | 18,00,000 |
| Reserves and surplus | 8,00,000 | Current assets | 4,00,000 |
| Creditors | 6,00,000 | Investments | 2,00,000 |
| | **24,00,000** | | **24,00,000** |

Calculate goodwill at four years purchase of super profits.

Q. No. 4. (b) What are the factors affecting valuation of shares ? Marks : 6

OR

Q. No. 4. (b) What are the factors affecting valuation of goodwill ? Marks : 6

UNIT – V

Q. No. 5. (a) From the following particulars, prepare profit and loss appropriation account. Marks : 10

a) Profit and loss a/c balance from last year : Rs. 1,25,000.
b) Net profit for the year before tax – Rs. 10,80,000.
c) Provision for tax – 40%
d) Transfer to general reserve – Rs. 1,05,000, Dividend equalisation fund – Rs. 80,000.
e) Dividend on 8% preference shares of Rs. 6,00,000.
f) Dividend at 12.5% on 1,00,000 equity shares of Rs. 10 each, Rs. 8 called up (calls in arrears Rs. 25,000)
g) Transfer Rs. 75,000 to development reserve.

OR

Q. No. 5. (a) Explain the treatments of following : Marks : 10

a) Calls in arrears.
b) Unclaimed dividend.
c) Final dividend.
d) Proposed dividend.
e) Corporate dividend tax.

Q. No. 5. (b) Explain the profit and loss account with format. Marks : 6

OR

Q. No. 5. (b) Explain the balance sheet of company with format. Marks : 6