



III Semester 5 Year B.Com. LL.B. Examination, January/February 2025 (Odd Sem.)
CORPORATE ACCOUNTING

Duration : 3 Hours

Max. Marks : 100

- Instructions :**
- 1. Q. No. 9 is compulsory and any five remaining questions to be answered.**
 - 2. Q. No. 9 carries 20 marks and the remaining carries 16 marks each.**
 - 3. Answer should be written in English.**
 - 4. Use simple calculator.**

Q. No. 1. What do you mean by underwriting ? Explain the following : Marks : 16

- (i) Underwriting commission.
- (ii) Underwriting agreement.
- (iii) Marked and unmarked application.
- (iv) Firm underwriting.

Q. No. 2. Advait Ltd. issued 1,00,000 shares. Marks : 16

These shares are underwritten as follows :

Santosh – 60,000 shares.

Sunil – 25,000 shares.

Naveen – 15,000 shares.

In addition, there is firm underwriting :

Santosh – 8,000 shares.

Sunil – 3,000 shares.

Naveen – 10,000 shares.



The total subscription including the firm underwriting was 71,000 shares and form included the following marked forms :

Santosh – 10,000 shares.

Sunil – 20,000 shares.

Naveen – 5,000 shares.

Determine the net liability of underwriters assuming :

(a) Firm underwriting as marked application.

(b) Firm underwriting as unmarked application.

- Q. No. 3. The cloudwalker Co. Ltd. with a registered capital of ₹ 1,00,000 issued 5,000 equity shares of ₹ 10 each payable ₹ 2 on application, ₹ 2 on allotment, ₹ 3 on first call and ₹ 3 on final call. All the shares were subscribed and the money duly received except the first call on 500 shares and the final call on 1,000 shares.

Marks : 16

Pass Journal Entries.

- Q. No. 4. The Balance Sheet of Poojitha Ltd. is as follows on 31-12-2024.

Marks : 16

Liabilities	₹	Assets	₹
Equity capital	5,00,000	Fixed assets	4,00,000
General reserve	2,00,000	Investment	1,00,000
P & L A/c	1,00,000	Current	
Current liability	1,00,000	assets	4,00,000
	9,00,000		9,00,000

Net profit after taxation :

2021 – 22 – ₹ 1,30,000.

2022 – 23 – ₹ 1,25,000.

2023 – 24 – ₹ 1,50,000.

Goodwill may be taken as 4 years purchase of super profits on the basis of 15% normal profit on closing capital invested. The current assets are to be taken as ₹ 4,20,000. Ascertain the goodwill.



Q. No. 5. Balance sheet of Linkin Park Ltd. as on 31-12-2024.

Marks : 16

Liabilities	₹	Assets	₹
Equity capital	2,00,000	Land	1,10,000
Reserve	20,000	Plant	1,30,000
P & L A/c	32,000	Trademarks	20,000
Creditors	1,48,000	Stock	48,000
Income tax reserve	60,000	Debtors	88,000
		Bank	52,000
		Preliminary expenses	12,000
	4,60,000		4,60,000

The expert valuer valued the land and building at ₹ 2,40,000, Goodwill at ₹ 1,60,000, plant at ₹ 1,20,000. Out of this total debtors, it is found that debtors of ₹ 8,000 are bad. The profits of the company have been as follows :

2021 – 22 – ₹ 90,000, 2022 – 23 – ₹ 80,000,

2023 – 24 – ₹ 1,06,000.

The company follow the practice of transferring 25% of profits to general reserve. The normal rate of return of similar type of company is 10%. Ascertain the value of shares of the company under :

- (i) Intrinsic value method.
- (ii) Yield value method.
- (iii) Fair value method.



- Q. No. 6. From the following Trial Balance, prepare Final Accounts of Soma Prabha Ltd. for the accounting period 31-12-2024. Marks : 16

Particulars	Debit (₹)	Credit (₹)
Share capital	—	3,00,000
Security premium	—	60,000
General reserve	—	12,500
Surplus	—	35,000
15% debenture	—	1,25,000
Interest on debenture	18,750	—
Receivables and payables	95,000	59,000
Provision for taxation	—	49,000
Advance received from customer	—	14,500
Data process equipment	1,59,000	—
Plant and machinery	1,44,450	—
Inventories	95,000	—
Patents	1,75,000	—
Cash	37,700	—
Advance paid to supplier	75,000	—
Purchases and sales	4,50,000	8,70,000
Salary	95,000	—
Contribution to PF	11,400	—



ESI expenses	4,500	—
ESI payable	—	2,500
Rent expenses	45,000	—
Advertisement expenses	55,000	—
Travel expenses	39,800	—
Testing fee	45,900	—
Commission (Cr)	—	19,000
Total	15,46,500	15,46,500

Adjustments :

- (1) Closing inventories – ₹ 48,500
- (2) Prepaid advertisement – ₹ 25,000
- (3) Write off 1/5th patents and provide depreciation at 10% on data process equipment and 15% on plant and machinery.
- (4) Provide for taxation at 30%.
- (5) Dividend proposed – 5%.

Q. No. 7. Vachana VJ Ltd. was incorporated on 1-4-2024 with an authorised capital of ₹ 50,000 and took over the running business of Sinchana VJ Ltd. as from 1-1-2024. The following is the summarised profit and loss for the year ended December 31-2024.

Marks : 16

Particulars	₹	₹
Sales Jan. 1-2024 to		
March 31-2024	60,000	
Apr. 1-2024 to Dec. 31-2024	1,90,000	2,50,000
Cost of sales	1,54,000	—



Admin. expenses	17,680	—
Selling expense	8,750	—
Goodwill written off	2,000	—
Vendor interest (loan repaid on May 1 2024)	3,730	—
Distribution expenses (60% variable)	12,500	—
Preliminary expenses	3,300	—
Debenture interest	3,200	—
Depreciation	4,440	—
Directors fees	1,000	2,10,600
Net profit		39,400

The company deals in only one product. The cost of sales per unit was reduced by 10% in the post incorporation period, as compared to pre incorporation period.

Prepare a statement showing the net profit of the pre incorporation as well as the post incorporation period, also showing the basis of apportionment.

Q. No. 8. Answer **any two** of the following :

Marks : 2×8=16

- Differentiate between equity share and preference share.
- Time ratio, Revised time ratio and Sales ratio.
- Revenue statement format as per Schedule III of Companies Act, 2013.



Q. No. 9. Solve **any two** of the following :

Marks : 2×10=20

(a) Gangadharaiah Ltd. issued 50000 equity shares of ₹ 10 each. The amount payable as follows :

₹ 2 – on application

₹ 2 – on allotment

₹ 3 – on first call and ₹ 3 on final call.

All shares were subscribed and the amount was duly received. Pass necessary journal entries.

(b) Under what headings do you show the following items in the Balance Sheet of the company ?

i) Prepaid insurance

ii) Patents

iii) Bill receivable

iv) Work in progress

v) Stores and spare

vi) Preliminary expenses

vii) Land and building

viii) Provision for tax

ix) 10% debenture

x) Reserve fund

(c) Explain the methods of valuation of goodwill.
