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END SEMESTER EXAMINATION –NOV/DEC 2025

COMMERCE – III SEMESTER BCOM

25BCO33A/B: CORPORATE ACCOUNTING

Time: 3 Hours **Max. Marks: 80**

Instruction: *Answer should be written completely in English.*

SECTION-A

1. Answer any **SEVEN** questions. Each question carries **TWO** marks. **(7X2=14)**

a) Discuss the meaning of book building?
b) What is paid up share capital?
c) Give the meaning of marked application?
d) Who is an underwriter?
e) What do you understand by the term intrinsic value?
f) State any four factors to be considered for valuation of shares?
g) Give any two expenses charged only to pre incorporation period?
h) What is time ratio?
i) Under Schedule II, mention the useful life of (i) Plant & Machinery, and (ii) Furniture & Fixtures.
j) What is the maximum rate of managerial remuneration payable as per companies act 1956?

SECTION-B

Answer any **THREE** questions. Each question carries **EIGHT** marks. **(3X8=24)**

2. Pragati Ltd. issued 12,000 equity shares of ₹10 each, payable as:
₹4 on application
₹3 on allotment
₹3 on first and final call
All shares were subscribed and amounts received properly. Record journal and cash book entries in the books of the company.

3. Popular Ltd. issued 40,000 shares of ₹10 each for public subscription. The issue was underwritten as follows:
Sriram – 25%, Raghu – 30% and Tilak – 25%.
The company received a total of 28,000 applications of which marked applications are as follows:
Sriram – 8,000 shares, Raghu – 6,000 shares and Tilak – 8,000. shares.
Determine the net liability of each underwriter.

4. Ascertain the value of equity shares under yield method:
   a) 9,000, 10% Preference shares of Rs. 100 each = Rs. 9,00,000
   b) 10,000 Equity shares of Rs. 100 each = Rs. 10,00,000
   c) Average profit before tax = Rs. 7,50,000
   d) Rate of tax = 40%
   e) Transfer to be made to reserves = 20%
   f) Normal rate of return = 15%

5. A company was incorporated on 1st July 2024 to take over a business from 1st April 2024. The accounts are prepared up to 31st March 2025. Sales for the year amounted to ₹24, 00,000, evenly distributed. The Gross Profit ratio is 25%.
   Expenses for the year:
   Rent: ₹1,20,000
   Salaries: ₹3,00,000
   Printing & Stationery: ₹60,000
   Commission on Sales: 5% of Sales
   Preliminary Expenses: ₹40,000
   Apportion the profit between pre- and post-incorporation periods.

6. Classify the following items under appropriate headings in the Balance Sheet of a company:

   a) Discount on issue of shares
   b) Patents
   c) Goodwill
   d) Accrued interest on investment
   e) Share premium
   f) Fixed deposit from public
   g) Bills receivable
   h) Bills payable

SECTION-C

Answer any **THREE** questions. Each question carries **FOURTEEN** marks. **(3X14=42)**

7. The Vikas Company Ltd. issued 10,000 shares of ₹10 each. The public subscribed for 8,000 shares and were fully allotted. The amount of each share was payable as under:
   ₹2 per share on application
   ₹3 per share on allotment
   ₹2 per share on first call
   ₹3 per share on final call.
   All the calls were made and the money was duly received except first call on 500 shares and final call on 1,000 shares.
   Give Journal Entries in the Books of the Company.

8. Strong Ltd. issued 6,00,000 shares of ₹10 each at a discount of 10% for public subscription. The issue was underwritten as follows:

A	– 2,00,000 shares (Firm underwriting 40,000 shares)
B	– 1,50,000 shares (Firm underwriting 20,000 shares)
C	– 1,00,000 shares (Firm underwriting 15,000 shares)
D	– 1,50,000 shares (Firm underwriting 25,000 shares)

The total applications excluding firm underwriting but including marked applications were for 4,80,000 shares. The marked applications were:

A	– 1,30,000 shares
B	– 80,000 shares
C	– 50,000 shares
D	– 80,000 shares

Required: Calculate the net liability of each underwriter, treating:

i) Firm underwriting as marked applications

ii) Firm underwriting as unmarked applications

9. From the given Balance Sheet and other information, you are required to ascertain the value of equity share under:

a) Intrinsic value method, b) Yield value method c) fair value method

Balance Sheet of RKS Ltd., as at 31.3.2024

Liabilities	**Rs.**	**Assets**	**Rs.**
2,000 shares of Rs.100 each	2,00,000	Land and Buildings	1,10,000
General Reserve	40,000	Plant and Machinery	1,30,000
P and L A/c	32,000	Patents and Trade marks	20,000
Creditors	1,28,000	Stock	48,000
Bills Payable	60,000	Debtors	88,000
		Cash and Bank	52,000
		Preliminary Expenses	12,000
	4,60,000		**4,60,000**

An independent valuer valued the assets of the company as under:

Land and Buildings Rs 2, 40,000; Goodwill Rs. 1,60,000 and plant and Machinery Rs.1,20,000.

The other assets are worth their book value.

The profits of the company have been as follows:

2021-22-Rs. 80,000

2022-23-Rs. 90,000

2023-24-Rs 1,06,000.

The company follows the practice of transferring 25% of profits to general reserve, Normal rate of return is 12%.

10. Green Ltd. was incorporated on 1 September 2024 to take over the business of Blue Traders as a going concern from 1 April 2024. Profit & Loss Account for the year ended 31 March 2025

Particulars	₹	Particulars	₹
To Rent & Taxes	22,000	By Gross Profit	2,80,000
To Insurance	4,000		
To Salaries	60,000		
To Director's Fees	5,000		
To Auditor's Fees	3,000		
To Advertisement	8,000		
To Office Expenses	10,000		
To Bad Debts	2,000		
To Interest on Loan	5,000		
To Carriage	4,000		
To Net Profit	1,57,000		
Total	2,80,000	Total	2,80,000

Turnover: ₹9,00,000 — ₹4,00,000 (pre) and ₹5,00,000 (post).

You are Required: Calculate pre- and post-incorporation profits.

11. The following is the Balance Sheet of NV Ltd. as on 31st March 2024

Liabilities	Amount (Rs.)	Assets	Amount (Rs.)
Equity Shares of Rs.100 each	10,00,000	Fixed Assets	11,00,000
15% Preference Shares of Rs.100 each	6,00,000	Stock	3,50,000
General Reserve	80,000	Debtors	4,50,000
Profit and Loss A/c	1,60,000	Cash and Bank	2,00,000
Sundry Creditors	1,40,000		
Bills Payable	1,20,000		
	21,00,000		21,00,000

Additional Information:

a. Realisable Value of Fixed Assets Rs. 17,00,000 and Stock Rs. 3,00,000.

b. Debtors Rs. 50,000 are doubtful.

c. Average profits before tax (30%) Rs. 6,50,000.

d. Company transfers 20% of profit after tax to reserve fund.

e. Normal Rate of Return 12%.

f. Find Intrinsic Value, Yield Value, and Fair Value of Equity Shares.