3052/1710

II/III Semester 5 Year B.Com.LL.B. Examination, July/August 2026
CORPORATE ACCOUNTING

Duration : 3 Hours

Max. Marks : 100

Instructions :
1. **Answer Q. No. 9 and any five of the remaining questions.**
2. **Q. No. 9 carries 20 marks and the remaining questions carry 16 marks each.**
3. **Answers should be written either in English or Kannada completely.**

Q. No. 1. Swan Co. Ltd. incorporated on 10th January 2024 issued a prospectus inviting applications for 1000000 equity shares of Rs. 10 each. The whole issue was underwritten by Duck, Parrot, Titiba and Peacock in the ratio 4: 3 : 2 : 1 respectively. Marks : 16

Applications were received for 900000 shares of which marked applications were as follows.

Duck – 440000 shares

Parrot – 220000 shares

Titiba – 180000 shares

Peacock – 20000 shares

You are required to find out the liabilities of underwriters.

Q. No. 2. Chinnu Ltd. issued 20000 shares of Rs. 10 each of a premium of Rs. 2 per share payable as follows : Marks : 16

On application Rs. 2

On allotment Rs. 5 (including premium)

On final call Rs. 5. All the shares were subscribed for and the Co. received all the money due except call money on 400 shares. These shares were forfeited and reissued as fully paid up at Rs. 9 per share. Prepare journal entries in the books of Chinnu Ltd. and even Balance Sheet.

Q. No. 3. Polli Ltd. was incorporated on 1st July 2024 and received its certificate of commencement of business on 1st August 2024. The company bought the business of M/s Small Ltd. with effect from 1st March 2024. From the following figures relating to the year ending 28th February 2025. Marks : 16

Find out the profits available for dividends.

(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.

P.T.O.

(c) The expenses debited to the 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
Advertising – Rs. 36,000
Stationery and printing – Rs. 7,200
Commission on sales – Rs. 12,000
Bad debts (Rs. 1,000 related to debts created prior to incorporation) – Rs. 3,000
Interest to Vendor on purchase consideration up to 1st September 2024 – Rs. 6,000

Q. No. 4. From the following Balance Sheet, ascertain the value of equity share on fair value basis method. Marks : 16

Liabilities	Rs.	Assets	Rs.
2000, 10% Preference shares of Rs. 200 each	4,00,000	Land and Building	4,00,000
		Furniture	3,10,000
		Investments	1,70,000
10000 equity shares of Rs. 200 each	20,00,000	Stock	3,20,000
		Debtors	2,80,000
Profit and Loss A/c	4,00,000	Cash	2,00,000
Creditors	1,10,000	Preliminary expenses	30,000

Land and Building to be valued at Rs. 8,80,000. The annual transfer to reserve is at 15% of net profits. Preference shares have preferential rights to capital and dividend and normal rate of return is 10%.

Q. No. 5. Mr. Aptamitra Ltd. is contemplating to acquire a business for Rs. 80,000. Marks : 16

Profits for the last five years from 2020 to 2024 are as follows.

2020 – Rs. 5,000
2021 – Rs. 6,000
2022 – Rs. 7,000
2023 – Rs. 4,500
2024 – Rs. 5,500

The business was taken care by the management. Remuneration from alternative employment, if not engaged in business, for the management comes to Rs. 2,250 per annum. Ascertain the amount of Goodwill, if it is valued on the basis of 4 years purchase of average net profit for last 5 years.

Q. No. 6. Explain the various types of preference share capital and also write down any 5 differences between equity and preference shares. Marks : 16

Q. No. 7. Explain the format of Balance Sheet of companies with 20 imaginary items and figures. Marks : 16

Q. No. 8. Write a short note on **any two** of the following. Marks : 2×8=16

(a) Firm underwriting.

(b) Factors affecting valuation of shares.

(c) Debenture.

Q. No. 9. Solve **any two** of the following problems. Marks : 2×10=20

(a) Compute the value of equity share from the following information.

i) 40000 equity shares of Rs. 10 each.

ii) Profit for the years are given as follows.

2014 – Rs. 4,00,000

2015 – Rs. 4,00,000

2016 – Rs. 3,80,000

2017 – Rs. 4,10,000

iii) Tax rate to be assumed at 35%.

iv) Transfer to reserve – 10%.

v) NRR – 20%.

vi) 10000, 10% Preference share of Rs. 100 each.

(b) Prepare a statement of profit and loss with 10 imaginary items and figures.

(c) Indraprastha Co. incorporated on 1st April 2021, took over running business from 1st January 2021. The Co. prepares its final accounts on 31st December 2021. From the following information, you are required to calculate the sales ratio of pre incorporation and post incorporation periods. Sales for January 2021 to 31st December 2021 Rs. 1,20,000. The sales for the month of January are twice of average sales, for the month of February equal to average sales, sales for four months May to August – 1/4th of average of each month and sales for October and November three times the average sales.

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