



3052/1710

II/III Semester 5 Year B.Com.LL.B. Examination, January/February 2026 (Odd Sem.)

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. Answer should be written in English only.

Q. No. 1. The Balance Sheet of a Limited company as at 31-3-2016 is as follows : Marks : 1×16=16

Liabilities	₹	Assets	₹
Equity shares of ₹ 10 each	5,00,000	Fixed assets	4,00,000
Profit and Loss A/c	2,00,000	Investment (6% bonds)	1,00,000
Current liabilities	2,00,000	Current assets	4,00,000
	9,00,000		9,00,000

Net profit after taxation :

2014 – ₹ 1,30,000

2015 – ₹ 1,25,000

2016 – ₹ 1,50,000

Normal rate of return –15%

Current assets are taken at ₹ 4,50,000

Ascertain the value of goodwill under the following methods :

- a) Five years purchase of super profits.
- b) Capitalization of super profit at 15%.
- c) Annuity method if p.v. of an annuity of ₹ 1 for five years at 16% 3.274.

Q. No. 2. Following is the summarised Balance Sheet of Adarsh Ltd. as on 31-03-2016.

Marks : 1×16=16

Liabilities	₹	Assets	₹
Share capital :		Goodwill	1,00,000
(40000 shares of ₹ 10 each)	4,00,000	Fixed assets	4,50,000
Reserve fund	1,00,000	Current assets	1,90,000
P & L A/c	35,000	Preliminary expenses	25,000
9% debenture	1,00,000		
Current liabilities	1,30,000		
	7,65,000		7,65,000

For the purpose of valuation of shares, fixed assets were valued at ₹ 5,00,000 and goodwill at ₹ 1,50,000. There is a necessity of RBD at 10% on debtors of ₹ 75,000. It is found that stock was overvalued by ₹ 9,000.

P.T.O.



The net profit for 3 years were ₹ 69,000, ₹ 71,800 and ₹ 90,200 respectively after taxation. Out of this profit 20% was placed to reserve, the proportion being considered reasonable in the industry in which the company is engaged and where the normal rate of return is 10%.

Compute the value of each equity shares by net asset method and yield method and also calculate the fair value of shares.

Q. No. 3. Following is the Trial Balance of SR Ltd. as at 31-03-2018 :

Marks : 1×16=16

Particulars	Dr. (₹)	Cr. (₹)
Opening stock	75,000	—
Purchases	1,90,000	—
Wages	30,000	—
Carriage	1,000	—
Furniture	12,500	—
Salaries	6,000	—
Rent	7,500	—
Trade expenses	5,500	—
Sundry debtors	27,000	—
Plant and machinery	6,00,000	—
Cash at bank	10,750	—
Patents	4,500	—
Bills receivable	7,000	—
Bad debts	3,250	—
Discount allowed	4,000	—
Equity share capital	—	2,50,000
Purchase return	—	5,000
Sales	—	5,75,000
Discount received	—	3,150
Surplus account	—	85,000
Creditors	—	16,850
Reserve	—	41,000
Bills payable	—	6,500
Provision for doubtful debts	—	1,500
Total	9,84,000	9,84,000

Additional information :

- Stock on 31-3-2018 ₹ 1,00,000.
- Depreciate plant and machinery at 12%; furniture at 10% and patents at 20%.
- Further bad debts amounted to ₹ 2,000.
- Provide 5% on debtors for bad debts.
- Provide for income tax at 35% and for CDT at 20.3578%.
- The BOD recommended a dividend of 25%.

Prepare final accounts of the company, as per Companies Act, 2013.



Q. No. 4. Ashok Limited issued 300000 equity shares of ₹ 10 each at a premium of ₹ 2 per share, payable as ₹ 3 on application, ₹ 5 on allotment (including premium) and the balance in two calls of equal amount. Applications were received for 400000 shares and pro rata allotment was made to all the applicants. The excess application money was adjusted towards allotment. Mukesh who was allotted 800 shares failed to pay both the calls and his shares were forfeited after the second call. Record necessary journal entries in the books of Ashok Limited and also show the Balance Sheet. Marks : 1×16=16

Q. No. 5. A Limited company issued 100000 equity shares of ₹ 100 each. M, N, O and P underwrite the entire issue in proportion of 30%, 30%, 20% and 20% respectively in consideration of commission in cash at 4%. They also apply for firm share application as follows : Marks : 1×16=16
M – 3000 shares, N – 2000 shares, O – 2000 shares and P – 3000 shares. Beside the firm applications the public apply for 60000 shares of which marked applications are follows :
M – 10000 shares, N – 6000 shares, O – 8000 shares and P – 16000 shares. Show the number of shares to be taken up by each of the underwriters assuming firm applications as marked and unmarked and commission payable to underwriters under each case.

Q. No. 6. Sunil Rao Ltd. took over the business of Naveen Ltd. on 1-4-2017 and it was incorporated on 1-7-2017. Marks : 1×16=16

The company closes its books of accounts on 31-03-2018. The profit and loss account of Sunil Rao Ltd. on 31-3-2018 was as follows :

Particulars	₹	Particulars	₹
To Commission (Sales)	5,250	By Gross profit A/c	1,96,000
To Advertising	10,500	By Bad debts recovered	1,000
To MD's remuneration	18,000		
To Depreciation	56,000		
To Salaries	36,000		
To Insurance	1,200		
To Preliminary expenses written off	1,400		
To Rent and tax	6,000		
To Discount	700		
To Bad debts	2,500		
To Net profit A/c b/f	59,450		
	1,97,000		1,97,000

**Additional information :**

- a) The average monthly sales after incorporation were twice the average monthly sales before.
- b) Rent which was paid for the first 3 months at ₹ 400 p.m. and increased by ₹ 100 p.m. for the balances of the period.
- c) Bad debts of ₹ 700 related to the period after 1-9-2017 and the balances related to the sales made up to 1-9-2017.
- d) The bad debts realised belonged to the bad debts which were written off in 2016 – 17.

Find out the profit before and after incorporation.

Q. No. 7. Briefly explain the methods of valuation of goodwill. Marks : 1×16=16

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

- (a) Types of share capital
- (b) Features of underwriting
- (c) Sales ratio, time ratio, revised time ratio (with examples).

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

(a) State the heading under which the following items are shown in the balance sheet of the company.

- 1) Provision for taxation
- 2) Trade investment
- 3) Bills payable
- 4) Goodwill
- 5) Debenture
- 6) Bank overdraft
- 7) Land and building
- 8) Equity share capital
- 9) Reserve and surplus
- 10) Debtors.

(b) Following information relates to Navya B. G. Ltd.

9000 10% preference shares of ₹ 100 each ₹ 9,00,000

10000 equity shares of ₹ 100 each ₹ 10,00,000.

Average profit before tax ₹ 7,50,000

Tax rate 40%

Normal rate of return 20%

Transfer made to reserve 20%

Ascertain the value of equity share under yield method.

(c) Types of underwriting.