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 **PRESIDENCY UNIVERSITY**

  **Bengaluru**

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| **End - Term Examinations – MAY 2025** |
| **Date:** 22-05-2025 **Time:** 01:00 pm – 04:00 pm |

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| **School:** SOM-UG/SOC | **Program**: BBA/ B. Com. |
| **Course Code :** COM2008 | **Course Name:** Corporate Accounting |
| **Semester**: II | **Max Marks**: 100 | **Weightage**:50% |

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| **CO - Levels** | **CO1** | **CO2** | **CO3** | **CO4** | **CO5** |
| **Marks** | **26** | **26** | **26** | **26** | **11** |

**Instructions:**

1. *Read all questions carefully and answer accordingly.*
2. *Do not write anything on the question paper other than roll number.*

**Part A**

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| **Answer ALL the Questions. Each question carries 2 marks. 10Q x 2M=20M** |
| **1.** | Compare two features of equity shares and preference shares. | **2 Marks** | **L2** | **CO 1** |
| **2.** | What is the rate of interest applicable on calls-in-arrear and calls-in-advance as prescribed under Table F of Schedule I of the Companies Act, 2013? | **2 Marks** | **L1** | **CO 1** |
| **3.** | Summarize the concept of underwriting of shares. | **2 Marks** | **L2** | **CO 2** |
| **4.** | What is the rate of commission paid or agreed to be paid in case of each share and debentures as per the provision of the Companies Act, 2013? | **2 Marks** | **L1** | **CO 2** |
| **5.** | A company was incorporated on 1st August 2024. The gross profit was ₹ 2,40,000. Sales ratio is 1:2 for pre- and post-incorporation periods. Determine the gross profit for prior to and after incorporation. | **2 Marks** | **L5** | **CO 3** |
| **6.** | Contrast between capital and revenue profit in the context to profit prior to incorporation. | **2 Marks** | **L2** | **CO 3** |
| **7.** | List two widely applied methods for the valuation of shares. | **2 Marks** | **L1** | **CO 4** |
| **8.** | Determine the value per share using Yield Value Method from the following information:1,00,000 fully paid-up equity shares of ₹10 each; Expected Rate of Return (ERR) is 18%, while the Normal Rate of Return (NRR) for the industry is 12%.  | **2 Marks** | **L5** | **CO 4** |
| **9.** | Explain the concept of Non-Performing Assets. | **2 Marks** | **L1** | **CO 5** |
| **10.** | List any two functions performed with respect to bills by the banking companies. | **2 Marks** | **L1** | **CO 5** |

 **Part B**

**Answer ALL the Questions. Each question carries 7 Marks. Total Marks 35M**

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| 11. | a. | XYZ Ltd. invited applications for 20,000 equity shares of ₹10 each at a premium of ₹2 per share. The amount was payable as follows:₹4 on application₹8 on allotment (including premium)Applications were received for 25,000 shares. Shares were allotted to the applicants of 20,000 shares, and the excess money was refunded. Mr. Ram, who was allotted 300 shares, failed to pay the allotment money. Prepare journal entries in the books of the XYZ Ltd. | 07 Marks | L3 | CO 1 |
| Or |
| 12. | **a.** | What are the advantages and disadvantages of issuing debentures? | **07 Marks** | **L1** | **CO 1** |

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| 13. | a. | Determine the liability of underwriters A, B, and C given:1. Company issued 1,00,000 shares.
2. Underwriters A, B, and C took responsibility for 40%, 35%, and 25% respectively.
3. Marked Shares: A-25,000, B-20,000, C-15,000; unmarked shares were 30,000.
4. Firm underwriting: A-2,000, B-1,000, C-2,000.
 | 07 Marks | L5 | CO 2 |
| Or |
| 14. | **a.** | A company issued 60,000 equity shares, fully underwritten as follows:Amit: 40%, Bhuvan: 35%, and Chetan: 25%1. Applications received: 55,000 shares,
2. Marked applications:Amit: 18,000; Bhuvan: 15,000; and

Chetan: 9,000**.**1. Firm underwriting: Amit – 2,000, Bhuvan – 1,000,

 Chetan – 2,000. Determine the liability of each underwriter. | **07 Marks** | **L5** | **CO 2** |

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| 15. | a. | Cheetah Limited incorporated on 1st April 2020. The following information is available for the year ended 31st December 2020.1. Sales for 12 months amounted to ₹ 6,00,000.
2. Month wise sales for the year:

January, April, and May: Average salesFebruary, August and December: Double the average salesMarch and October: ½ of the average salesNovember: ¼ of the average salesRemaining will be considered for the rest of the months.Determine the sales ratio for the period of pre- and post-incorporation periods. | 07 Marks | L5 | CO 3 |
| Or |
| 16. | a. | Justify the reason of apportioning following expenses in time or sales ratio:1. Advertisement expenditure
2. Rent, rates and taxes
3. Depreciation on fixed Assets
4. Insurance
5. Director’s fees
6. Salaries to office staff
7. Carriage outward
 | **07 Marks** | **L5** | **CO 3** |

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| 17. | a. | The following are the details extracted from the books of the account of Netravathi Ltd:1. Equity shares of ₹ 10 each is ₹ 4,00,000
2. Profits for the last three year were ₹ 52, 600; ₹ 52,000 and ₹ 51, 650.
3. Transfer 20% of the profit to General Reserves.
4. Normal rate of return is 10%.

Determine the value per share under Yield Value Method. | 07 Marks | L5 | CO 4 |
| Or |
| 18. | **a.** | The following particulars of Jag Apna Limited are extracted from the books:1. 10,000 Equity shares of ₹ 10 each fully paid and 1,000 12% preference shares of ₹ 100 each fully paid.
2. Reserves and Surplus ₹ 15,000
3. External Liabilities: Creditors ₹ 12,000 and Bills Payable ₹ 6,000
4. Fictitious assets ₹ 800
5. The average normal profit earned by each year ₹ 28,500
6. Normal rate of return 10%

Determine the value per equity share as per Intrinsic Value Method. | **07 Marks** | **L5** | **CO 4** |

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| 19. | a. | Prepare the format of the final accounts of banking companies under Banking Regulation Act, 1949. | 07 Marks | L6 | CO 5 |
| Or |
| 20. | **a.** | Briefly explain the concept and functions performed by the banking companies. | **07 Marks** | **L5** | **CO 5** |

**Part C**

**Answer any Three Questions. Each question carries 15 marks 3Q x 15M=45M**

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| 21. | a. | ABC Ltd. invited applications for 15,000 equity shares of ₹10 each issued at a premium of ₹2. The payment schedule was:₹4 on application (including ₹1 premium)₹4 on allotment (including ₹1 premium)Balance on each first and final callApplications were received for 15,000 shares. One shareholder holding 300 shares failed to pay allotment and both first and final call money. Prepare journal entries for all of the above transactions in the books of ABC Ltd. | 15 Marks | L3 | CO1 |

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| 22. | a. | A company made a public issue of 2,00,000 equity shares of ₹ 10 each at a premium of ₹ 2 per share. The entire issue was underwritten by the underwriters L, M, N, and O in the ratio of 4:3:2:1 respectively with the provision of firm underwriting of 5,000; 4,000; 2,000 and 2,000 shares respectively.The company received applications for 1,50,000 shares (excluding firm underwriting) from public, out of which applications for 55,000; 40,000; 42,000 and 8,000 were marked in favour of L, M, N and O respectively.Determine the liability of each underwriter as regards the number of shares taken up by the individual underwriter. | 15 Marks | L5 | CO 2 |

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| 23. | a. | Sneha Limited was incorporated on 1st July 2018 to acquire the running business of Atul Sons. During the year 2018-19, the total sales were ₹ 24,00,000 of which ₹ 4,80,000 were for the first six months. The gross profit of the company was ₹ 3,90,800. The expenses debited to Profit & Loss Account included the following:* + - 1. Director’s fees: ₹ 30, 000
			2. Bad debts: ₹ 7,200
			3. Advertising: ₹ 24,000 (under a contract amounting to ₹ 2,000 per month)
			4. Salaries and general expenses: ₹ 1,28,000
			5. Preliminary expenses written off: ₹10,000
			6. Donation to political party given by the company: ₹ 10,000

Prepare statement showing to determine the pre-incorporation and post-incorporation profit for the year ended 31st March 2019.  | 15 Marks | L5 | CO 3 |

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| 24. | a. | Zenith Healthcare Ltd., a prominent pharmaceutical company, is in the process of negotiating a strategic merger. The company found several non-financial factors that are also expected to significantly impact the company’s perceived value. These include a robust product pipeline with multiple new drugs awaiting regulatory approval, uncertainties due to changes in international pharmaceutical regulations, the recent appointment of a CEO known for innovation and growth leadership, and macroeconomic challenges such as inflation and currency exchange rate fluctuations that influence operational costs. Based on the above information:1. Determine the value of equity share using the Yield Value Method for the following information:

 Average Profit After Tax (PAT): ₹ 9,00,000 30,000 equity shares of paid-up value per share is ₹10. The normal rate of return: 12%. 1. Evaluate the factors that are most critical in determining the fair value of Zenith Healthcare’s shares. Justify your reasoning with appropriate arguments.
 | 15 Marks | L5 | CO4 |