



PRESIDENCY UNIVERSITY

BENGALURU

Roll No.																			
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End - Term Examinations - December 2025

Date: 09 - 12- 2025

Time: 09:30am - 12:30pm

School: SOC / SOM (UG)	Program: B.COM		
Course Code: COM2008	Course Name: Corporate Accounting		
Semester: III	Max Marks: 100	Weightage: 50%	

CO - Levels	CO1	CO2	CO3	CO4	CO5
Marks					

Instructions:

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

Part A

Answer ALL the Questions. Each question carries 2marks.

10Q x 2M=20M

1.	Y Ltd. forfeited 10,000 equity shares of Rs. 10 each, Rs 8 called-up, for non-payment of first call money @ Rs. 2 each. Application money @ Rs. 2 per share and allotment money Rs. 4 per share have already been received by the company. Give Journal Entry for forfeiture (assume that all money due is transferred to Calls-in-Arrears Account).	2 Marks	L2	CO1
2.	State True or False. Give reason in support of your answer. The rate of dividend on equity shares may vary from year to year.	2 Marks	L2	CO1
3.	Justify the below given statement. Profit prior to incorporation is transferred to Capital Reserve.	2 Marks	L2	CO2
4.	Identify from the following expense which are allocated on time basis? (a) Electricity Expenses (b) Audit Fees (c) Director Fees (d) Depreciation	2 Marks	L2	CO2
5.	Underwriting is beneficial to both company and underwriters. Give reason in support of your answer.	2 Marks	L2	CO3
6.	A company issued 1,00,000 equity shares of ₹10 each to the public.	2 Marks	L2	CO3

	As per the Companies Act, 2013 and SEBI guidelines, determine the maximum rate of underwriting commission that can be paid to the underwriters on the issue of equity shares and debentures.			
7.	Goodwill is a tangible asset. Validate the above statement with reason in support of your answer.	2 Marks	L2	CO4
8.	Compute value of goodwill at 3 years' purchase of weighted average profit method. Profit for the past four years are: 2021 – ₹50,000; 2022 – ₹60,000; 2023 – ₹70,000; 2024 – ₹90,000 Weights assigned are 1,2,3, and 4 respectively.	2 Marks	L3	CO4
9.	Intrinsic value method is based on the company's internal worth. Justify	2 Marks	L2	CO4
10.	Calculate fair value per share. The intrinsic value per share is ₹40 and the yield value per share is ₹50.	2 Marks	L3	CO4

Part B

Answer ALL the Questions. Each question carries 7 marks.

5Q x 7M = 35M

11.	B Limited issued 10,000 equity shares of Rs 50 each at a premium of Rs 10 per share payable as follows: On Application Rs 25; On Allotment Rs 25 (including premium); On Final call Rs 10. Applications were received for 12,000 shares. Letters of regret were issued to applicants for 42000 shares and shares were allotted to all other applicants. Mr. A, the holder of the 75 shares, failed to pay the allotment and call money, the shares were forfeited. Prepare the Journal Entries in the books of B Limited.	07 Marks	L3	CO1
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Or

12.	Write short notes on: (i) Preference Shares (ii) Equity Shares	07 Marks	L2	CO1
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13.	M/s. Shyam & Sons was taken over by HariOm Limited on 1 st September 2024. The accounts are closed on 31 st March 2025. The following information is available:	07 Marks	L3	CO2																												
	<table border="1"> <thead> <tr> <th>Month</th> <th>Sales (Rs.)</th> <th>Month</th> <th>Sales (Rs.)</th> </tr> </thead> <tbody> <tr> <td>April</td> <td>40,000</td> <td>October</td> <td>1,00,000</td> </tr> <tr> <td>May</td> <td>50,000</td> <td>November</td> <td>1,10,000</td> </tr> <tr> <td>June</td> <td>60,000</td> <td>December</td> <td>1,20,000</td> </tr> <tr> <td>July</td> <td>70,000</td> <td>January</td> <td>1,00,000</td> </tr> <tr> <td>August</td> <td>80,000</td> <td>February</td> <td>90,000</td> </tr> <tr> <td>September</td> <td>90,000</td> <td>March</td> <td>80,000</td> </tr> </tbody> </table>	Month	Sales (Rs.)	Month	Sales (Rs.)	April	40,000	October	1,00,000	May	50,000	November	1,10,000	June	60,000	December	1,20,000	July	70,000	January	1,00,000	August	80,000	February	90,000	September	90,000	March	80,000			
Month	Sales (Rs.)	Month	Sales (Rs.)																													
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	Determine time and sales ratio for apportionment of expenses.																															

Or

14.	Discuss the different methods available for the determination of pre- and post-incorporation profits.	07 Marks	L2	CO2
15.	Determine the liability of underwriters as per the agreement of full underwriting: Sun flow Ltd. issued 1,00,000 equity shares the whole issue was underwritten as follows: Red- 40%, White – 30%, Blue – 30%. Applications for 80,000 shares were received in all out of which applications for 20,000 shares had the stamp of red, those for 10,000 shares had white stamp and 20,000 shares had blue stamp. The remaining applications for 30,000 shares did not bear any stamp.	07 Marks	L3	CO3
Or				
16.	Briefly explain the meaning of underwriting. How it is differed from broker.	07 Marks	L2	CO3
17.	Calculate the value of Goodwill is to be valued at three years' purchase of the weighted average profits of last four years. (i) The profits of last four years were as follows: 2018: Rs. 90,000, 2019: Rs. 1, 08,000, 2020: Rs. 93,200, 2021: Rs. 1, 50,000. (ii) The closing stock for the year 2019 was overvalued by Rs. 4,000. (iii) On July 1, 2020, a major repair was made in respect of plant incurring Rs. 40,000 which was charged to revenue. It was to be capitalized for the purpose of valuing goodwill subject to 10% depreciation on the diminishing balance method. (iv) Managerial remuneration of Rs. 15,000 should be provided.	07 Marks	L3	CO4
Or				
18.	Discuss the method of computing the value of Goodwill based on Super-profit.	07 Marks	L2	CO4
19.	Calculate the value per share through Yield Value Method from the following information: (i) The paid-up capital of the company consists of 2,000, 15% Preference Shares of Rs. 100 each, and 20,000 Equity Shares of Rs. 20 each. (ii) The Average Annual Profits of the company after providing for depreciation and taxation amounted to Rs. 1, 50,000. It is considered necessary to transfer Rs. 20,000 to General Reserve before declaring for dividend. (iii) The Normal Rate of dividend expected by investors of Equity Shares form the type of business carried on by the company is 10%.	07 Marks	L3	CO4
Or				
20.	Explain the procedure of determining the value of net assets available to equity shareholders.	07 Marks	L2	CO4

Part C

Answer any three Questions. Each question carries 15marks

3Q x 15M=45M

21.	<p>X Ltd. invited applications for 50,000 shares of Rs 100 each payable as follows:</p> <table border="1" style="width: 100%; border-collapse: collapse; margin: 10px 0;"> <thead> <tr> <th style="width: 80%;"></th> <th style="width: 20%; text-align: center;">Rs</th> </tr> </thead> <tbody> <tr> <td>On Application</td> <td style="text-align: center;">20</td> </tr> <tr> <td>On Allotment (on 1st April, 2021)</td> <td style="text-align: center;">30</td> </tr> <tr> <td>On First Call (on 1st Sept., 2021)</td> <td style="text-align: center;">30</td> </tr> <tr> <td>On Final Call (on 1st Jan.,2022)</td> <td style="text-align: center;">20</td> </tr> </tbody> </table> <p>All the shares were applied for and allotted. A shareholder holding 5,000 shares paid the whole amount due along with allotment. Journalize the transactions, assuming all sums due were received.</p>		Rs	On Application	20	On Allotment (on 1 st April, 2021)	30	On First Call (on 1 st Sept., 2021)	30	On Final Call (on 1 st Jan.,2022)	20	15 Marks	L3	CO1
	Rs													
On Application	20													
On Allotment (on 1 st April, 2021)	30													
On First Call (on 1 st Sept., 2021)	30													
On Final Call (on 1 st Jan.,2022)	20													

22.	<p>ABC Ltd. took over a running business with effect from 1stApril, 2021. The company was incorporated on 1st August, 2021. The following summarized Profit and Loss Account has been prepared for the year ended 31st March 2022:</p> <table border="1" style="width: 100%; border-collapse: collapse; margin: 10px 0;"> <thead> <tr> <th style="width: 30%;">Particulars</th> <th style="width: 15%; text-align: center;">Rs</th> <th style="width: 30%;">Particulars</th> <th style="width: 15%; text-align: center;">Rs</th> </tr> </thead> <tbody> <tr> <td>To Salaries</td> <td style="text-align: center;">24,000</td> <td>By Gross Profit</td> <td style="text-align: center;">1,65,000</td> </tr> <tr> <td>To Stationery</td> <td style="text-align: center;">2,400</td> <td></td> <td></td> </tr> <tr> <td>To Travelling Expenses</td> <td style="text-align: center;">8,400</td> <td></td> <td></td> </tr> <tr> <td>To Advertisement</td> <td style="text-align: center;">9,000</td> <td></td> <td></td> </tr> <tr> <td>To Electricity Charges</td> <td style="text-align: center;">2,100</td> <td></td> <td></td> </tr> <tr> <td>To Director's Fee</td> <td style="text-align: center;">5,600</td> <td></td> <td></td> </tr> <tr> <td>To Selling Expenses</td> <td style="text-align: center;">12,600</td> <td></td> <td></td> </tr> <tr> <td>To Depreciation on fixed assets</td> <td style="text-align: center;">4,800</td> <td></td> <td></td> </tr> <tr> <td>To Net Profit</td> <td style="text-align: center;">96,100</td> <td></td> <td></td> </tr> <tr> <td></td> <td style="text-align: center;">1,65,000</td> <td></td> <td style="text-align: center;">1,65,000</td> </tr> </tbody> </table> <p>Additional Information:</p> <p>(a) Total sales for the year which amounted to Rs. 9,60,000 arose evenly up to the date of 31 March, 2022.</p> <p>(b) Travelling expenses include Rs 2,400 towards sales promotion.</p> <p>(c) Depreciation include Rs 300 for assets acquired in the post incorporation period.</p> <p>Prepare Statement showing calculation of profits and allocation of expenses between pre and post incorporation periods.</p>	Particulars	Rs	Particulars	Rs	To Salaries	24,000	By Gross Profit	1,65,000	To Stationery	2,400			To Travelling Expenses	8,400			To Advertisement	9,000			To Electricity Charges	2,100			To Director's Fee	5,600			To Selling Expenses	12,600			To Depreciation on fixed assets	4,800			To Net Profit	96,100				1,65,000		1,65,000	15 Marks	L3	CO2
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23.	<p>A company issued 3,00,000 shares of Rs 10 each at a premium of Rs 10. The entire issues were underwritten as follows:</p>	15 Marks	L3	CO3
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<p>X – 1,80,000 shares (Firm underwriting 24,000 shares) Y – 75,000 shares (Firm underwriting 9,000 shares) Z – 45,000 shares (Firm underwriting 30,000 shares) Total subscriptions received by the company (excluding firm underwriting and marked applications) were 45,000 shares. The marked applications (excluding firm underwriting) were follows: X - 30,000 shares; Y – 60,000 shares; Z – 15,000 shares Commission payable to underwriters is at 5% of the issue price.</p> <p>(i) Determine the liability of each underwriter (number of shares). (ii) Compute the amount payable to underwriters of commission.</p>			
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24.	<p>From the following particulars relating to the business of X Ltd. computed the value of Goodwill on the basis of 3 years' purchase of Super Profit</p> <p>(i) Capital invested Rs. 1, 40,000. (ii) Rate of Normal Return on capital employed @ 12%. (iii) Management remuneration of proprietor if employed elsewhere Rs. 20,000 p.a. (iv) Trading results: 2018 Profit Rs. 50,000 2019 Profit Rs. 60,000 2020 Loss Rs. 6,000 2021 Profit Rs. 80,000</p>	15 Marks	L3	CO4
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25.	<p>Following was the Balance Sheet of X Ltd. as on 31st March, 2021</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: left; padding: 5px;">Equity and Liabilities</th> <th style="text-align: right; padding: 5px;">Rs.</th> </tr> </thead> <tbody> <tr> <td style="padding: 5px;">5000, 7% Preference Shares of Rs 10 each</td> <td style="text-align: right; padding: 5px;">50,000</td> </tr> <tr> <td style="padding: 5px;">50,000 Equity Shares of Rs 10 each</td> <td style="text-align: right; padding: 5px;">5,00,000</td> </tr> <tr> <td style="padding: 5px;">General Reserves</td> <td style="text-align: right; padding: 5px;">1,00,000</td> </tr> <tr> <td style="padding: 5px;">8% Debentures</td> <td style="text-align: right; padding: 5px;">1,50,000</td> </tr> <tr> <td style="padding: 5px;">Creditors</td> <td style="text-align: right; padding: 5px;">1,00,000</td> </tr> <tr> <td style="padding: 5px;">Total</td> <td style="text-align: right; padding: 5px;">9,00,000</td> </tr> <tr> <td colspan="2" style="padding: 5px;">Assets</td> </tr> <tr> <td style="padding: 5px;">Sundry Assets</td> <td style="text-align: right; padding: 5px;">9,00,000</td> </tr> <tr> <td style="padding: 5px;">Total</td> <td style="text-align: right; padding: 5px;">9,00,000</td> </tr> </tbody> </table> <p>The assets were revalued as follows:</p> <p>(i) Normal Rate of Return is 10%. (ii) Average Normal Profit after Tax of the company is Rs. 2,50,000 (iii) Transfer to Reserve Rs 10,000. (iv) Preference Dividend is to be paid.</p> <p>Compute the Fair Value of the share.</p>	Equity and Liabilities	Rs.	5000, 7% Preference Shares of Rs 10 each	50,000	50,000 Equity Shares of Rs 10 each	5,00,000	General Reserves	1,00,000	8% Debentures	1,50,000	Creditors	1,00,000	Total	9,00,000	Assets		Sundry Assets	9,00,000	Total	9,00,000	15 Marks	L3	CO4
Equity and Liabilities	Rs.																							
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