Roll No.											

PRESIDENCY UNIVERSITY

BENGALURU

End - Term Examinations – December 2025

Date: 16 – 12- 2025 **Time:** 09:30am – 12:30pm

School: SOL	**Program**: B.COM LLB(Honors)	
Course Code : BCL2011	**Course Name:** CORPORATE ACCOUNTING	
Semester: III	**Max Marks**: 100	**Weightage**: 50%

CO - Levels	**CO1**	**CO2**	**CO3**	**CO4**	**CO5**
Marks	**14**	**14**	**14**	**34**	**24**

Instructions:

(i) Read all questions carefully and answer accordingly.

(ii) 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.	List any two differences between Shares and Debentures	**2 Marks**	**L1**	**CO1**
2.	A shareholder held 85 shares of ₹10 each, fully called-up. He paid only ₹7 per share. The shares were forfeited. What is the amount credited to Share Forfeiture Account?	**2 Marks**	**L1**	**CO1**
3.	Summarize the concept of firm underwriting	**2 Marks**	**L2**	**CO2**
4.	Company issued prospectus inviting applications for 3,50,000 equity shares of Rs.10 each the whole issue was fully underwritten by A, B, C & D as follows A-1,40,000 , B-1,05,000, C-70,000 & D-35,000 applications were received for 3,15,000 shares of which marked applications were as follows: A-1,54,000 B – 77,000 C – 63,000 & D-7,000. Show the unmarked applications.	**2 Marks**	**L2**	**CO2**
5.	Identify the basis for division of the following expenses between pre - incorporation and post incorporating period (a) Salary to employees (b) Rent	**2 Marks**	**L3**	**CO3**
6.	Bhargavi Ltd was incorporated on 31st July,2012 to take over an established business from 1st April 2012. The company prepared its first final on 31st March 2013. During the year 2012 t0 2013 the total sales	**2 Marks**	**L3**	**CO3**

	were Rs.48,00,000 out of which sales from 1st August ,2012 to 31st March, 2013 were Rs. 30,00,000. Apply the appropriate procedure to calculate the Time Ratio and Sales Ratio for apportioning profits between the pre-incorporation and post-incorporation periods			
7.	Total assets Rs 2,35,000, total outsider liabilities Rs 75,000, share capital Rs 1,00,000 in share of Rs 50 each. Apply the Net Assets Method to examine and compute the Intrinsic Value per share	**2 Marks**	**L3**	**CO4**
8.	A company has an average profit of ₹2,40,000 and equity share capital of 20,000 shares of ₹100 each.If the normal rate of return is 12%, apply the Yield Method to calculate the intrinsic value per share.	**2 Marks**	**L3**	**CO4**
9.	Apply the Schedule III format of the Indian Companies Act to classify the following items into their correct major heads and sub-heads in the Balance Sheet: a. Land b. Bills payables c. Stock d. General reserves	**2 Marks**	**L3**	**CO5**
10.	Apply the Schedule III format of the Indian Companies Act to classify the following items into their correct major heads and sub-heads in the Statement of Profit and Loss. 1. Salaries 2. Interest received 3. Interest paid to lenders 4. Sale of goods	**2 Marks**	**L3**	**CO5**

Part B

Answer the Questions. **Total Marks 80M**

11.	**a.**	Rolex Company Limited issued 10,000 shares of Rs. 10 each to the public for the subscription out of its share capital, payable as follows: On application --- Rs.3 per share On allotment --- Rs.4 per share and On second call ---- Rs.2 per share and On final call --- Balance All the shares were fully subscribed and moneys duly received. You are required to show the journal entries of the Rolex company	**10 Marks**	**L1**	**CO1**
Or					
12.	**a.**	Explain the various types of preference shares	**10 Marks**	**L1**	**CO1**

<table>
<tr><td>13.</td><td>a.</td><td>RCB Limited issued 5,00,000 equity shares of Rs. 10 each. Virat Kohil, Glenn Maxwell, Mohammed Siraj, and Will Jacks, underwriters the entire issue in the ratio of 4:3:2:1 respectively in consideration of commission allowed by law. Applications were received for 4,50,000 shares of which marked applications were as follows:

Virat Kohil- 2,20,000 shares; Glenn Maxwell- 90,000 shares; Mohammed Siraj- 90,000 shares; and Will Jacks – 10,000 shares. Your required to show: (a) The total liability of each underwriter; (b) Commission received by each underwriter.</td><td>10 Marks</td><td>L2</td><td>CO2</td></tr>
<tr><td colspan="6">Or</td></tr>
<tr><td>14.</td><td>a.</td><td>Underwriting is an agreement between the underwriters and the company where the underwriters ensure the company that in case the shares and debentures offered to the public are not subscribed by the public then such shares and debentures will be taken up by the underwriters. (a) Explain the advantages and types of underwriters (b) State the maximum underwriters commission for shares (Section 62 (1)) and debentures (Section 71(4)) as per Indian Companies act 2013.</td><td>10 Marks</td><td>L2</td><td>CO2</td></tr>
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<tr><td>15.</td><td>a.</td><td>Apply your understanding of the allocation of expenses in Profit Prior to Incorporation and classify the following by providing:

(a) Five examples of expenses that should be apportioned using the time ratio, and

(b) Five examples of expenses that should be apportioned using the sales ratio</td><td>10 Marks</td><td>L3</td><td>CO3</td></tr>
<tr><td colspan="6">Or</td></tr>
<tr><td>16.</td><td>a.</td><td>Statement of Profit and Loss of SAI Ltd, for the year ended 31-12-1997. You are required to prepare a statement showing profit earned by the company in the pre and post incorporation periods. The total sales for the year took place in the ratio 1:2 before and after incorporation and the time ratio 3:1 respectively.</td><td>10 Marks</td><td>L3</td><td>CO3</td></tr>
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I. Revenue from Operations	
Gross Profit	2,25,000
II. Other Income	
Other Income	0
III. Total Revenue (I + II)	**2,25,000**
IV. Expenses	
Office Expenses	54,000

Formation Expenses Written Off	10,000
Stationery & Postage	5,000
Selling Expenses	60,000
Director's Fees	20,000
Total Expenses	**1,49,000**
V. Profit Before Tax	76,000
VI. Tax Expense	Not Given
VII. Profit After Tax	**76,000**

17. **a.** The following is the balance sheet of GK Ltd as on 31st march 2014 — **15 Marks** **L3** **CO4**

Particulars	Rs
I. EQUITY AND LIABILITIES	
1. Shareholders' funds	
a) Share capital	
3,750 Equity Shares of ₹ 100 each fully paid	3,75,000
750, 8% Preference Shares of ₹ 100 each	75,000
b) Reserves and Surplus	
Reserves	30,000
Profit and Loss	15,000
2. Non-Current Liabilities	
5% Debentures	nil
3. Current Liabilities	
Creditors	45,000
Total of Equity and Liabilities	**5,40,000**
II ASSETS	
1. Non-Current Assets	
Goodwill	45,000
Land and Building	1,50,000
Machinery	1,12,500
Furniture	22,500
2.Current Assets	
Stock	90,000
Debtors	67,500
Cash	45,000
Preliminary Expenses	7,500
Total of assets	**5,40,000**

The value of assets is assessed as follows:

Goodwill ₹ 52,500, Machinery ₹ 1,32,000, Land and Buildings ₹ 1,68,750, Stock ₹ 97,500, Furniture to be depreciated at 10% and Debtors are expected to realize 80% of Book Value.

Using the information provided in the Balance Sheet, apply the Assets Backing Method to compute the value of each equity share.

Or					
18.	**a.**	(i) Identify the Need for valuation shares (ii) Explain briefly the steps involved in valuation of shares under Net assets method and Earning capacity method**.**	**15 Marks**	**L3**	**CO4**

19.	**a.**	(i). Using the given intrinsic value (₹170) and yield value (₹130), apply the Fair Value formula to compute the fair value of the share and show the calculation process (ii)Apply the Earnings Capacity Method to the following data—Equity Capital ₹10,00,000, Expected Profit ₹1,20,000, and Normal Rate of Return 10%—and compute the value per share, showing each step clearly. (iii)Explain the detail about factors that influence the valuation of shares	**15 Marks**	**L3**	**CO4**
Or					
20.	**a.**	Using the following financial information of X Ltd., apply the Earning Capacity Method to compute the intrinsic value per equity share. Show all calculation steps clearly: (i) 1,500 Equity shares of Rs. 200 each. (ii) 7000 12% Pref. shares of Rs. 100 each (iii) The Normal Annual Profit after tax is Rs. 2,80,000 (iv) The company is required to transfer @ 10% to Reserve (v) The Normal Rate of Dividend in Markt. is 14% Calculate the value of shares through Earning Capacity method	**15 Marks**	**L3**	**CO4**

21.	**a.**	The following extracts of ledger balances are taken from Mahima Ltd. for the year ending 31st March 2024. Identify the net profit by the Statement of Profit and Loss as per Indian companies Act 2013, with notes to accounts. Particulars — Rs Revenue from operations — 2,35,000 Other incomes — 5,000 Advertising — 12,000 Salaries — 60,500 Depreciation — 7,200 Insurance — 2,400 Interest on debentures — 3,000 Preliminary expenses written off — 1,800	**20 Marks**	**L3**	**CO5**

		Bad debts 1,250 Discount allowed 1,450 Printing & stationery 3,100 Cost of material consumed 55,000			
Or					
22.	**a.**	Using the following financial information of BUTA Ltd., apply the Schedule III format of the Indian Companies Act, 2013, to classify the items under appropriate heads and prepare the Balance Sheet of the company as at 31st March 2022	**20 Marks**	**L3**	**CO5**

Particulars	Rs
Reserves and surplus	1,00,000
Long term liabilities	1,00,000
Short term liabilities	35,000
Application money pending on allotment	50,000
Trade payables	50,000
Share capitals	4,00,000
Long term provisions	50,000
Other current liabilities	75,000
Long term borrowings	1,20,000
Inventories	35,000
Cas and Cash Equivalents	2,00,000
Cother current Assets	1,00,000
Trade receivables	1,35,000
Goodwill	30,000
Closing working in progress	1,30,000
Tangible fixed Assets	3,50,000