



III Semester B.Com. Examination, January/February 2026  
(SEP 2024 – 25)  
**COMMERCE**  
**COM 3.1 : Corporate Accounting**

Time : 3 Hours

Max. Marks : 80

**Instruction** : Answer should be written **completely** either in **English** or in **Kannada**.

SECTION – A

1. Answer **any seven** sub-questions. **Each** sub-question carries **2** marks. **(7×2=14)**

- Give the meaning of bonus shares.
- Expand IPO and FPO.
- What is meant by underwriting ?
- Distinguish between complete and partial underwriting.
- What is sales ratio ? Give two examples.
- How is pre-incorporation loss treated in the books of accounts ?
- What do you mean by calls-in-arrears ?
- Give the meaning of proposed dividend.
- State any four factors affecting the valuation of shares.
- State any four non-current assets.



SECTION – B

Answer **any three** questions. **Each** question carries **8** marks.

**(3×8=24)**

- GS Ltd., has 15,000 equity shares of ₹ 100 each, ₹ 80 paid up. The company decides to make a final call to make them fully paid and then buy-back 3,000 shares at ₹ 110 per share. It decides to issue 4,000, 7.5% preference shares of ₹ 75 each at a premium of ₹ 25 to fund the buy-back, equivalent to the face value of the shares bought back.  
Journalize the above transactions.



3. Ashwin Ltd., issued 50,000 equity shares of ₹ 100 each which were underwritten as follows :

A – 20,000 shares    B – 15,000 shares

C – 10,000 shares    D – 5,000 shares

The company received applications for 44,000 shares of which marked forms were as under :

A – 24,000 shares    B – 8,000 shares

C – 6,000 shares    D – 3,000 shares

Determine the liability of each underwriter.

4. Following is the balance sheet of P.S. Ltd. as on 31-03-2025.

| <b>Liabilities</b>         | <b>(₹)</b>       | <b>Assets</b>  | <b>(₹)</b>       |
|----------------------------|------------------|----------------|------------------|
| Equity shares of ₹ 10 each | 8,00,000         | Fixed assets   | 12,00,000        |
| Reserve fund               | 1,00,000         | Current assets | 3,00,000         |
| 12% debentures             | 2,00,000         |                |                  |
| Current liabilities        | 4,00,000         |                |                  |
|                            | <b>15,00,000</b> |                | <b>15,00,000</b> |

The profits of the company for the past three years before charging interest on debentures were ₹ 1,52,000, ₹ 1,56,000 and ₹ 1,54,000 respectively. Normal rate of return is 12%. You are required to ascertain the yield value of shares, assuming that 20% of the profit is transferred to reserve fund each year (ignore taxation).

5. VK Ltd., had purchased a business on 01-04-2024. The company received its certificate of incorporation on 01-09-2024. The average monthly sales for the period before incorporation was 25% more than the average monthly sales for the period after incorporation. The total sales during the year was ₹ 6,00,000. Ascertain :

i) Time ratio    ii) Sales ratio    iii) Pre and post incorporation sales.

6. From the following balances of AZ Company Ltd. as on 31-03-2025, prepare a statement of profit and loss.

|                        | <b>Rs.</b> |
|------------------------|------------|
| Interest on debentures | 64,800     |
| Travelling expenses    | 30,000     |
| Advertisement          | 10,000     |
| Bad debts              | 12,000     |
| Discount received      | 14,000     |



|                     |           |
|---------------------|-----------|
| Purchases           | 6,30,000  |
| Opening stock       | 1,50,000  |
| Freight charges     | 4,000     |
| Depreciation        | 50,000    |
| Insurance           | 10,000    |
| Commission received | 15,000    |
| Sales               | 13,00,000 |
| Share transfer fees | 10,000    |

## SECTION – C

Answer **any three** questions. **Each** question carries **14** marks.

(3×14=42)

7. SNP Ltd., was registered with an authorised capital of ₹ 50,00,000 divided in 50,000 shares of ₹ 100 each. Company issued 20,000 shares at a premium of ₹ 20 per share. Amount receivables as ₹ 40 on application, ₹ 40 on allotment (including premium), ₹ 20 on first call and ₹ 20 on second and final call. All shares were subscribed and all money was duly received. Share issue expenses amounted to ₹ 20,000. Pass necessary Journal Entries.

8. ABS Limited Company issued 1,00,000 equity shares of ₹ 100 each, P, Q, R and S underwrite the entire issue in the proportion of 30%, 30%, 20% and 20% respectively, in consideration of commission in cash at 4%. They also applied for firm share application as follows :

P : 3,000 shares

Q : 2,000 shares

R : 2,000 shares

S : 3,000 shares

The total applications excluding firm underwriting but including marked applications were received for 60,000 shares. The marked applications were as under :

P : 10,000 shares

Q : 6,000 shares

R : 8,000 shares

S : 16,000 shares

Show the number of shares to be taken up by each of the underwriters, assuming firm applications as marked, unmarked and commission payable to underwriters under each case.



9. Following is the balance sheet of MNR Ltd., as on 31-03-2025.

| Liabilities                         | (₹)              | Assets             | (₹)              |
|-------------------------------------|------------------|--------------------|------------------|
| Equity share capital<br>(₹ 10 each) | 16,00,000        | Goodwill           | 2,00,000         |
| Reserves and surplus                | 3,00,000         | Other fixed assets | 24,00,000        |
| 10% debentures                      | 4,00,000         | Current assets     | 4,00,000         |
| Creditors                           | 4,00,000         |                    |                  |
| Provision for tax                   | 3,00,000         |                    |                  |
|                                     | <b>30,00,000</b> |                    | <b>30,00,000</b> |

On the given date, an independent valuation of goodwill and other fixed assets was made at ₹ 3,00,000 and ₹ 30,00,000 respectively. Current assets include debtors ₹ 2,00,000 ; out of which, 15% is bad. The net profits of the company for the past three years were ₹ 2,40,000, ₹ 2,80,000 and ₹ 3,05,000 of which, 20% was placed to reserve. The normal rate of return is 10%. Calculate the value of shares as per

- 1) Net Assets Method
- 2) Yield Method
- 3) Fair Value Method.

10. The RKS Ltd. was incorporated on 1-8-2024 to take over the business of MKS as a going concern from 1-4-2024 the profit and loss account for the year ending 31-03-2025 is as follows :

| Particulars             | (₹)    | Particulars     | (₹)      |
|-------------------------|--------|-----------------|----------|
| To rent and taxes       | 12,000 | By gross profit | 1,55,000 |
| To insurance            | 3,000  |                 |          |
| To electricity charges  | 2,400  |                 |          |
| To salaries             | 36,000 |                 |          |
| To directors fees       | 3,000  |                 |          |
| To auditors fees        | 1,600  |                 |          |
| To commission           | 6,000  |                 |          |
| To advertisement        | 4,000  |                 |          |
| To discount allowed     | 3,500  |                 |          |
| To office expenses      | 7,500  |                 |          |
| To carriage outwards    | 3,000  |                 |          |
| To bank charges         | 1,500  |                 |          |
| To preliminary expenses | 6,500  |                 |          |



|                     |                 |                 |
|---------------------|-----------------|-----------------|
| To bad debts        | 2,000           |                 |
| To interest on loan | 3,000           |                 |
| To net profit       | 60,000          |                 |
|                     | <b>1,55,000</b> | <b>1,55,000</b> |

The total turnover for the year ending 31-03-2025 was ₹ 5,00,000 divided into ₹ 1,50,000 upto 1-08-2024 and ₹ 3,50,000 for the remaining period.

Ascertain the profits earned prior to incorporation and after incorporation of the company.

11. Following are the balances of MS Ltd., as on 31-03-2025.

| <b>Debit Balances</b>   | <b>(₹)</b>       | <b>Credit Balances</b> | <b>(₹)</b>       |
|-------------------------|------------------|------------------------|------------------|
| Premises                | 3,07,200         | Share capital          | 4,00,000         |
| Plant                   | 3,30,000         | 12% debentures         | 3,00,000         |
| Stock on 1-4-2024       | 75,000           | Profit and loss a/c    | 26,250           |
| Debtors                 | 87,000           | Creditors              | 77,000           |
| Goodwill                | 25,000           | Sales                  | 4,15,000         |
| Bank balance            | 40,650           | General reserve        | 25,000           |
| Calls-in-arrears        | 7,500            |                        |                  |
| Interim dividend        | 39,250           |                        |                  |
| Purchases               | 1,85,000         |                        |                  |
| Preliminary expenses    | 5,000            |                        |                  |
| Wages                   | 97,980           |                        |                  |
| General expenses        | 3,335            |                        |                  |
| Salaries                | 20,225           |                        |                  |
| Bad debts               | 2,110            |                        |                  |
| Debenture interest paid | 18,000           |                        |                  |
|                         | <b>12,43,250</b> |                        | <b>12,43,250</b> |

**Additional information :**

- Closing stock is valued at ₹ 1,05,000.
- Depreciate premises at 15%.
- Write off ₹ 500 from preliminary expenses.
- Half-year's debenture interest is due.
- Transfer ₹ 2,500 to general reserve.
- Ignore corporate dividend tax.

Prepare final accounts of the company as per Company's Act 2013.