

**BIRLA INSTITUTE OF TECHNOLOGY, MESRA, RANCHI  
(END SEMESTER EXAMINATION)**

**CLASS: MBA/IMBA/PRE-PHD  
BRANCH: MANAGEMENT**

**SEMESTER : III/ADD/NA  
SESSION : MO/18**

**SUBJECT: MBA3013 CORPORATE ACCOUNTING**

**TIME:**

**FULL MARKS: 60**

**INSTRUCTIONS:**

1. The question paper contains 7 questions each of 12 marks and total 84 marks.
  2. Candidates may attempt any 5 questions maximum of 60 marks.
  3. The missing data, if any, may be assumed suitably.
  4. Before attempting the question paper, be sure that you have got the correct question paper.
  5. Tables/Data hand book/Graph paper etc. to be supplied to the candidates in the examination hall.
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- Q.1(a) Explain the term Right Issue. [6]
- Q.1(b) Good Luck and Co. offered 30,000 shares of Rs. 10/- each to the public which were payable as : [6]  
On Application Rs. 2/-  
On Allotment Rs. 5/-  
The balance when required  
Applications for 55,000 shares were received on which the directors allotted as follows :  
Applications for 25,000 shares - Full  
Applications for 25,000 shares - 20%  
Applications for 5,000 shares - Nil  
Record the journal entries.
- Q.2(a) Explain various types of underwriting agreement. [6]
- Q.2(b) A company issued 4,000 debentures of Rs. 1000 each. The whole of the issue has been underwritten [6]  
by XYZ and Co. The whole of the shares is applied for but applications for 3,200 debentures only were  
received. All the applications were accepted. Commission payable to the underwriter is the maximum  
amount permissible legally. Give journal entries in the books of company to record the above  
transactions.
- Q.3(a) Explain redemption of debentures by fresh issue of capital. [6]
- Q.3(b) You are required to compute time ratio for pre and post incorporation periods from the following data: [6]  
(a) Date of incorporation : 1<sup>st</sup> June 2009  
(b) Period of financial account : April 2009 to March 2010  
(c) Total wages : 24,000  
(d) Number of worker pre-incorporation period: 05, post incorporation period: 25.  
Also divide the total wages between pre and post incorporation period.
- Q.4 From the following information calculate the value of goodwill on the basis of three years purchase of [12]  
the super profit :  
(a) Average capital employed in the business - Rs. 35,00,000  
(b) Net trading profit of the firm for the past three years - Rs. 5,38,000; Rs. 4,53,500 and Rs. 5,62,500  
(c) Rate of interest expected from capital having regard to the risk involved : 12%  
(d) Fair remuneration to the partners for their service: Rs. 60,000 p.a.  
(e) Sundry assets of the firm : Rs. 37,73,810  
(f) Sundry liabilities of the firm : Rs. 1,56,645
- Q.5(a) What are the salient features of amalgamation in the nature of purchase? [6]
- Q.5(b) Define purchase consideration. Illustrate your answer. [6]
- Q.6(a) On what occasion a company can be wound up compulsorily? [6]
- Q.6(b) What do you mean by second creditors? Explain. [6]

Q.7 From the following information, prepare a consolidated balance sheet.

[12]

**Balance Sheets**  
As on 31<sup>st</sup> December 2010

Liabilities	H Ltd. (Rs.)	S Ltd. (Rs.)	Assets	H Ltd. (Rs.)	S Ltd. (Rs.)
Share capital					
Share of Rs. 10 each	2,00,000	1,00,000	Sundry Assets	2,20,000	1,50,000
Reserves	50,000	20,000	Investments		
Profit & Loss A/c	20,000	10,000	6,000 shares of S Ltd.	80,000	-----
Creditors	30,000	20,000			
	<u>3,00,000</u>	<u>1,50,000</u>		<u>3,00,000</u>	<u>1,50,000</u>

H Ltd. Acquired its shares in S Ltd. On 1 January 2010 when reserves of S Ltd. stood at Rs. 4,000 and its profit and loss account (Cr.) was Rs. 5,000.

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