

**BIRLA INSTITUTE OF TECHNOLOGY, MESRA, RANCHI
(END SEMESTER EXAMINATION MO/2022)**

**CLASS: MBA
BRANCH: MBA**

**SEMESTER: III
SESSION: MO/22**

SUBJECT: MT510 CORPORATE ACCOUNTING

TIME: 03 Hours

FULL MARKS: 50

INSTRUCTIONS:

1. The question paper contains 5 questions each of 10 marks and total 50 marks.
2. Attempt all questions.
3. The missing data, if any, may be assumed suitably.
4. Tables/Data handbook/Graph paper etc., if applicable, will be supplied to the candidates

- Q.1(a) Discuss the classification of Share capital. (CO-1, BT-2) [5]
- Q.1(b) Alpine Limited makes an issue of 10,000 equity shares of Rs. 25 each payable Rs. 10 on application, Rs. 10 on allotment and Rs. 5 on first and final call. All the shares are subscribed and amount duly received. Pass journal entries. (CO-1, BT-3) [5]
- Q.2(a) How will you determine the liability of underwriters when: [5]
 (a) an entire issue is fully underwritten by a single underwriter and
 (b) entire issue is underwritten by two or more underwriters. (CO-2, BT-3)
- Q.2(b) Alex Limited Company has a balance of Rs 1,50,000 at the credit of Profit and Loss Account. It was resolved to utilize the profits to repay its debentures of Rs 100,000 now redeemable at a premium of 5%. Show the journal entries. (CO-2, BT-3) [5]
- Q.3(a) Explain the process of Allocation of Profit in the Pre-Incorporation Period. Discuss the treatment of Pre-Incorporation Profits of a Company. (CO-3, BT-2) [5]
- Q.3(b) Axis company was incorporated on 30 April in order to acquire the business of a private firm as of 1 January. The company closes its books on 31 December. The gross profit for the whole period was calculated at \$150,000. [5]
 The sales for the month of August were 3 times the average, 2 times the average for January and July, 1.5 times for October and December, and it is 0.5 times for November.
 Estimate the gross profit earned prior to incorporation. (CO-3, BT- 3)
- Q.4(a) Explain with reason the main factors affecting the value of goodwill of public limited companies. (CO-4, BT-2) [5]
- Q.4(b) From the following information find out Goodwill as per 4 years' purchase of super profit: [5]
 Net profits for four years:
 1st year Rs. 30,000; 2nd year Rs. 40,000
 3rd year Rs. 50,000; 4th year Rs. 60,000.
 The profit includes non-recurring profits on an average basis of Rs. 3,000. (CO-4, BT-3)
- Q.5(a) Discuss and analyze the benefits of an amalgamation as a financial analyst. (CO-5, BT-4) [5]
- Q.5(b) From the following balance sheets, prepare a consolidated balance sheet of X Ltd. And its subsidiary Y Ltd. The interest of the minority shareholders of Y Ltd. are to be shown in the consolidated balance sheet. (Rs. In lakhs) [5]

LIABILITIES	X	Y	ASSETS	X	Y
Share Capital: 4,00,000 shares of Rs.80	320	-	Land & Building	304	-
40,000 shares of Rs. 80	-	32			
General Reserve	160	-	Plant & Machinery	44.80	6.40
Creditors	96	6.40	Shares in Y Ltd. 36,000 shares @80/- each	57.60	-
P&L A/c	32	48	Stock	96	16
			Debtors	64	22.40
			Cash at Bank	41.60	41.60
	608	86.40		608	86.40

(CO-5, BT-6)