

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

CLASS: MBA
BRANCH: MANAGEMENT

SEMESTER : III
SESSION : MO/2024

SUBJECT: MT510R1 CORPORATE ACCOUNTING

TIME: 3 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. 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.

		CO	BL
Q.1(a)	Explain the process of forfeiture of shares and the accounting treatment required.	[5]	1 2
Q.1(b)	Discuss the role of a liquidator in the liquidation process and outline the order of payments as per legal requirements.	[5]	1 2
Q.2(a)	Describe the process of redemption of debentures and list the various methods available for this process.	[5]	2 2
Q.2(b)	A company issues debentures at a discount. Explain the accounting entries required and how the discount is treated in the books of accounts.	[5]	2,3
Q.3(a)	What are "profits prior to incorporation," and why is it necessary to ascertain them? Explain one method to ascertain such profits or losses.	[5]	3 2,3
Q.3(b)	XYZ Ltd. was incorporated on 1st July 20XX to take over a running business from 1st April 20XX. The financial year ends on 31st March 20XY. The gross profit for the year is ₹240,000. The sales for the periods before and after incorporation were in the ratio 1:3. The expenses for the year were as follows: <ul style="list-style-type: none">• Rent: ₹36,000 (fixed for the whole year)• Salaries: ₹48,000 (uniformly distributed throughout the year)• Sales Commission: ₹24,000 (proportional to sales) Calculate the profits prior to incorporation and profits after incorporation. (Make necessary assumptions if needed)	[5]	3 3
Q.4(a)	Describe the importance of goodwill valuation and list the main factors affecting goodwill value.	[5]	4 2,3
Q.4(b)	A company's average profit is ₹200,000, and the normal rate of return is 10%. If the company's capital employed is ₹1,500,000, calculate the value of goodwill using the super profit method.	[5]	4 3
Q.5(a)	Differentiate between absorption and external reconstruction with suitable examples.	[5]	4 4,5
Q.5(b)	In the context of consolidated financial statements, explain the terms: "minority interest" and "cost of control."	[5]	4 2,3