



SE – 225

III Semester B.B.A. Examination, January/February 2026
(SEP 2024 – 25)

BUSINESS ADMINISTRATION
BBA 3.1 : Corporate Accounting



Time : 3 Hours

Instruction : Answer *all* the questions in **English** only.

SECTION – A

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

1. a) What is Buy back of shares ?
- b) Expand IPO.
- c) What is meant by Underwriting ?
- d) Mention any two advantages of Underwriting.
- e) What is normal rate of return ?
- f) What are the circumstances under which shares are valued ?
- g) What do you mean by Calls in arrears ?
- h) Give the meaning of Interim Dividend.
- i) What are the ratios normally used to allocate profits prior to and after incorporation ?
- j) What is profit prior to incorporation ?

SECTION – B

Answer **any three** questions. **Each** question carries **8** marks. **(3×8=24)**

2. Nimisha Limited Company issued 10,000 equity shares of Rs. 10 each. Payable Rs. 1 on application. Rs. 2 on allotment. Rs. 3 on first call and Rs. 4 on final call. All the shares were subscribed and amounts duly received. Pass journal entries in the books of the company.

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3. Shilpa & Co., issued 50,000 shares of Rs. 100 each, which were underwritten by A, B, C and D as follows :

A – 20,000 shares, B – 15,000 shares, C – 10,000 shares and D – 5,000 shares. The total subscription was 44,000 shares of which the marked applications were : A – 24,000 shares, B – 8,000 shares, C – 6,000 shares and D – 3,000 shares.

Determine the liability of each underwriter and also calculate underwriting commission.

4. Following is the balance sheet of Pooja Co. Ltd. as on 31-3-2025.

Liabilities	Amount	Assets	Amount
8% Preference share capital	1,00,000	Land and building	5,00,000
40,000 Equity shares of Rs. 10 each	4,00,000	Current assets	2,50,000
Debenture redemption fund	1,00,000	Preliminary expenses	20,000
6% Debentures	1,00,000	Profit and Loss Account	30,000
Depreciation fund	50,000		
Current liabilities	50,000		
	8,00,000		8,00,000

Calculate the value of equity shares under net asset method after considering the following adjustments :

- Debenture interest is due for 6 months.
- Land and building is depreciated by 5%.
- There was an outstanding liability of Rs. 8,000.

5. Gangadhara Ltd. was incorporated on 1-7-2024 to take over the business of GK Enterprises as a going concern with effect from 1-4-2024. Their profit and loss account for the year ended 31-3-2025 is as follows :

Particulars	Amount	Particulars	Amount
Opening stock	60,000	Sales (up to 30-6-2024	
Purchases	87,500	Rs. 50,000)	1,50,000
Administration expenses	9,000	Discount received	5,000
Director's fee	1,500	Closing stock	35,000

Selling expenses	18,000	
Audit fees	500	
Preliminary expenses	1,500	
Net profit	12,000	
	1,90,000	1,90,000

Prepare a statement showing the profit earned after incorporation.

6. Under which heading and sub-headings will the following items appear in the Balance Sheet of a company as per Schedule-III of the Companies Act, 2013 ?

- Capital reserve
- Goodwill
- Sundry debtors
- Sundry creditors
- Loose tools
- Provision for taxation
- Bank overdraft
- Prepaid insurance.

SECTION – C

Answer **any three** questions. **Each** question carries **14** marks. **(3×14=42)**

7. Prasad Limited Company issued 1,00,000 Equity shares of Rs. 10 each, premium at Rs. 2 per share payable as follows :

Rs. 2 on application

Rs. 5 on allotment (including premium)

Rs. 4 on first call

Rs. 1 on final call.

All the shares were taken up by the public and the money was duly received except 5,000 shares on first call and 10,000 shares on final call. Pass the journal entries and prepare the balance sheet of the company.



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8. Nadeem Ltd., issued 6,00,000 equity shares of Rs. 10 each which was underwritten as follows :

P – 2,00,000 shares (firm underwriting 40,000 shares)

Q – 1,50,000 shares (firm underwriting 20,000 shares)

R – 1,00,000 shares (firm underwriting 15,000 shares)

S – 1,50,000 shares (firm underwriting 25,000 shares)

The company received applications for 4,80,000 equity shares (Excluding firm underwriting) of which marked forms were as under :

P – 1,30,000 shares

Q – 80,000 shares

R – 50,000 shares

S – 80,000 shares.

Calculate the net liability of each underwriter treating :

a) Firm underwriting as marked applications and

b) Firm underwriting as unmarked applications.

9. Rajkumar Ltd. took over the business of Ramesh on 1-4-2024 and it was incorporated on 1-7-2024. The company closes its books of accounts on 31-3-2025. The profit and loss account of Rajkumar Ltd. on 31-3-2025 was as follows :

Particulars	Amount	Particulars	Amount
To Commission (Sales)	5,250	By Gross profit	1,96,000
To Advertising	10,500	By Bad debts recovered	1,000
To M. D. Remuneration	18,000		
To Depreciation	5,600		
To Salaries	36,000		
To Insurance	1,200		
To Preliminary expenses written off	1,400		
To Rent and taxes	6,000		
To Discount	700		
To Bad debts	2,500		
To Net profit	1,09,850		
	1,97,000		1,97,000



Additional Information :

- The average monthly sale after incorporation was twice the average monthly sales before.
- Rent which was paid for the first 3 months at Rs. 400 per month, increased by Rs. 100 per month for the balance of the period.
- Bad debts of Rs. 700 related only to the period after 1-9-2024 and the balance related to the sales made up to 1-9-2024.
- The bad debts realized belong to the bad debts which were written off in 2023 – 24.

Find out the profits before and after incorporation.

10. Following is the balance sheet of Ravi Kumar Co. Ltd., as on 31-3-2025.

Liabilities	Amount	Assets	Amount
Equity share capital of Rs. 10 each	16,00,000	Goodwill	2,00,000
Reserve fund	3,00,000	Other fixed assets	24,00,000
10% Debentures	4,00,000	Current assets	4,00,000
Creditors	2,00,000		
Bills payable	2,00,000		
Provision for taxation	3,00,000		
	30,00,000		30,00,000

On the above date, an independent valuation of goodwill and other fixed assets was made at Rs. 3,00,000 and Rs. 30,00,000 respectively. The net profit of the company for the past 3 years was 2,40,000, 3,05,000 and 2,80,000 of which 20% was placed to reserve. The NRR is 10%. Calculate the value of a share by :

- Net asset method
- Yield method
- Fair value method
- Earning capacity method.



11. RP Company Ltd., is a company with an authorised capital of Rs. 6,00,000 in equity shares of Rs. 10 each. The trial balance on 31-3-2025 is given below :

Particulars	Debit	Credit
Called up capital	7,500	—
Calls in arrears	3,00,000	—
Premises	3,30,000	—
Plant and machinery	37,500	—
Interim dividend (including CDT)	75,000	—
Stock (1-4-2024)	7,200	—
Fixtures	87,000	50,000
Debtors and creditors	25,000	—
Goodwill	760	—
Cash in hand	39,900	—
Cash at bank	1,85,000	4,15,000
Purchases and sales	5,000	—
Preliminary expenses	84,865	—
Wages	16,835	—
General expenses	13,115	—
Freight and carriage	14,500	—
Salaries	5,725	—
Director's fees	2,100	—
Bad debts	9,000	—
Debenture interest paid	—	3,00,000
6% Debentures	—	14,500
Profit and Loss A/c (1-4-2024) Cr.	—	14,500



Bills payable	—	38,000
General Reserve	—	25,000
Bad debts provision (1-4-2024)	—	3,500
	12,46,000	12,46,000

Adjustments :

- Depreciate plant and machinery by 10%.
- Write off preliminary expenses Rs. 500.
- Provide for debenture interest due.
- Of the debtors Rs. 500 are further bad.
- Provide for R.D.D. at 5% on debtors.
- Closing stock Rs. 95,000.

Prepare SOPL and Balance Sheet.
