

D 11963

(Pages : 6)

Name.....

Reg. No.....

**THIRD SEMESTER (CBCSS-UG) DEGREE EXAMINATION
NOVEMBER 2021**

B.B.A.

BBA 3B 04—CORPORATE ACCOUNTING

(2019–2020 Admissions)

Time : Two Hours and a Half

Maximum : 80 Marks

Section A

*Answer at least ten questions.
Each question carries 3 marks.
All questions can be attended.
Overall Ceiling 30.*

1. State the objectives of Accounting Standard Board.
2. State the accounting standards relating to Borrowing cost.
3. State the importance of IFRS.
4. What do you mean by Redemption by conversion ?
5. What do you mean by Capital Reserve ?
6. What is a Cash Flow Statement ?
7. What is current Ratio ?
8. What are cash equivalents ?
9. What is Ex-interest ?
10. What is redeemable Preference Shares ?
11. What do you mean by Capital Redemption Reserve ?
12. What do you mean by operating ratio ?
13. What are the points to be considered on Redemption of debentures ?
14. Give any four items included under Long-term Borrowings.
15. What are the provisions relating to Income tax according to Ind As 12 ?

(10 × 3 = 30 marks)

Turn over

Section B

*Answer at least five questions.
Each question carries 6 marks.
All questions can be attended.
Overall Ceiling 30.*

16. Explain the Scope of IFRS.
17. Explain the limitations of accounting ratios.
18. On July 1, 2017 A Ltd gave a notice of its intention to redeem its outstanding Rs. 4,00,000 4 1/2% . Debentures on January 1, 2018 at 102 percent and offered the holders the following options :
- 1 To apply the redemption money to subscribe for :
 - a) 6% Cum. Pref. Shares of Rs. 20 each at Rs. 22.50 per share accepted by the holders of Rs. 1,71,00,000 stock, or
 - b) 6% Debenture stock of Rs. 96% accepted by the holders of Rs. 1,44,00,000 , or
 - 2 To have their holdings redeemed for cash if neither of the options under (1) was accepted.
- You are required to show journal entries necessary to record the redemption and allotments under (1) and (2) and to state the amount of cash required to satisfy the option.
19. A company issued Rs. 2,00,000 in 5% debentures of Rs. 100 each at par, repayable at the end of 5 years at a premium of 6%. A Sinking Fund at 4% compound interest is created for the redemption of debentures.
- You are required to prepare Sinking Fund Account and Sinking Fund Investment Account for 5 years (Rs. 1 per year at 4% compound interest amounts to Rs. 5.4163 in 5 years.
20. Following figures appeared in the Balance Sheet of Pure Products Ltd. as on 31st March 2018 :

	31-3-2017	31-03-2018
	Rs.	Rs.
Equity share capital (Rs. 10 each)	2,90,000	3,35,000
<i>Less</i> : calls-in-arrears	3,000	1,000
	2,87,000	3,34,000
Add: Forfeited Shares A/C	8,000	4,000
	2,95,000	3,38,000
6% Preference Share Capital (Rs. 100 share)	1,00,000	50,000
Capital Reserve	7,000	17,500
Securities Premium a/c	12,000	2,000
General Reserve	1,20,000	80,000
Capital Redemption Reserve A/C	—	60,000

Additional Information :

- (i) During 2017-18, 4,000 new equity shares of Rs. 10 each and 500, 6% preference shares of Rs. 100 each both were issued at par and in either case there were no calls-in-arrears Preference shares are redeemable at a premium of 10%.
- (ii) Calls-in-arrears represent final call money at Rs. 2 per share.
- (iii) Reissue of forfeited shares, if made, was at Rs. 9 per share.
- (iv) Capital Reserve account balance on 31-3-2017 and 31-3-2018 indicated only profits arising out of reissue of forfeited shares.

Journalise the transactions which took place during 2017-18.

21. Manohar and Co. sells goods on cash as well as on credit. The following particulars are extracted from the books for the year 1996 :

	Rs.
Total Sales (including cash sales of Rs. 30,000) ..	1, 60,000
Sales returns ..	10,000
Total debtors on 31/12/1996 ..	15,000
Bills Receivable on 31/12/1996 ..	3,000
Provision for doubtful debt on 31/12/1996 ..	2,000
Sundry Creditors ..	18,000
Prepaid expenses ..	600

Calculate Debtors Collection period.

22. The following is the position of Current Assets and Current Liabilities of Z Ltd :

	2012	2013
	(Rs.)	(Rs.)
Provision for doubtful debts	1,000	—
Short-term Loans	10,000	19,000
Creditors	15,000	10,000
Bills Payable	20,000	40,000

The company incurred a loss of Rs. 45,000 during the year. Calculate cash from operating activities.

Turn over

23. From the following information, calculate debt-equity Ratio :

	Rs.
20,000 Equity shares of Rs. 10 each fully paid	2,00,000
10,000 9% Preference shares of Rs. 10 each fully paid	1,00,000
General Reserve	90,000
P/L A/C	60,000
15% Debentures	1,50,000
Preliminary Expenses	20,000

(5 × 6 = 30 marks)

Section C

*Answer any two questions.
Each question carries 10 marks.*

24. From the following Balance Sheet. Prepare Cash Flow Statement for the year 2018 according to AS 3 Revised

Balance Sheet of X Ltd as on 31/12/2018					
<i>Liabilities</i>	1-1-2018	31-12-2018	<i>Assets</i>	1-1-2018	31-12-2018
	(Rs.)	(Rs.)		(Rs.)	(Rs.)
Creditors	40,000	44,000	Cash	10,000	7,000
Loan from X	25,000	–	Debtors	30,000	50,000
Loan from Bank	40,000	50,000	Stock	40,000	25,000
Capital	1,25,000	1,53,000	Machinery	80,000	55,000
			Land	35,000	50,000
			Building	35,000	60,000
	2,30,000	2,47,000		2,30,000	2,47,000

During the year machine costing Rs. 10,000 with accumulated depreciation Rs. 3,000 was sold for Rs. 5,000.

25. Bluebell Ltd has a nominal capital of Rs.6,00,000 divided into shares of Rs. 10 each. The following Trial Balance was extracted from the books as on 31-12-2015 :

Particulars	Amount (Rs.)	Particulars	Amount (Rs.)
Calls-in-arrears	7,500	6% Debentures	3,00,000
Premises (Rs. 60,000 added on 1-7-2015)	3,60,000	Profit and Loss A/c (1-1-2015)	14,500
Machinery	3,00,000	Creditors	50,000
Interim dividend paid	7,500	General Reserve	25,000
Purchases	1,85,000	Share Capital (called up)	4,60,000
Preliminary expenses	5,000	Bills Payable	38,000
Freight	13,100	Sales	4,15,000
Directors fee	5,740	Reserve for bad debts	3,500
Bad debt	2,110		
4% Govt. securities	60,000		
Stock 1-1-2015	75,000		
Furniture	7,200		
Sundry debtors	87,000		
Goodwill	25,000		
Cash	750		
Bank	39,900		
Wages	84,800		
General Expenses	16,900		
Salaries	14,500		
Debenture interest	9,000		
	13,06,000		13,06,000

Turn over

Prepare final accounts for the year ending 31-12-2015 in the prescribed form after taking into account the following adjustments :

- (a) Depreciate Machinery 10% and Furniture 5%.
- (b) Write off half of the preliminary expenses.
- (c) Wages include Rs. 10,000 paid for the construction of a compound wall to the premises and no adjustment was made.
- (d) Reserve 5% for bad debt.
- (e) Transfer Rs. 10,000 to general Reserve.
- (f) Provide for income tax Rs. 25,000.
- (g) Stock on 31-12-2015 was Rs. 1,01,000.

26 The Balance Sheet of AB Ltd as on 31.12.2016 is given below :

<i>Liabilities</i>	Amount Rs.	<i>Assets</i>	Amount Rs.
Equity Capital	1,00,000	Fixed Assets	1,80,000
9% Preference capital	50,000	Stores	25,000
8% Debentures	50,000	Debtors	55,000
Retained earnings	20,000	B/R	3,000
Creditors	45,000	Bank	2,000
	2,65,000		2,65,000

Calculate appropriate ratios and comment on the financial position of the company.

(2 × 10 = 20 marks)