

D 51676

(Pages : 5)

Name.....

Reg. No.....

**THIRD SEMESTER (CBCSS—UG) DEGREE EXAMINATION
NOVEMBER 2023**

B.B.A.

BBA 3B 04—CORPORATE ACCOUNTING

(2019—2022 Admissions)

Time : Two Hours and a Half

Maximum : 80 Marks

Part A*Answer all the questions.*

1. What is meant by IFRS ?
2. What do you understand by convergence of Accounting Standard ?
3. What is Financial Reporting ?
4. Explain the term Recognition of Income.
5. Define the concept of Capital.
6. Distinguish between Current and Non-current Assets.
7. What do you mean accounting for Inventories ?
8. What is Consolidated Financial Statements ?
9. Differentiate the term Contingent Assets and Contingent Liabilities.
10. What is Intangible Assets ?
11. What is debenture redemption reserve ?
12. What do you mean by Financial Statements ?
13. What is Activity ratio ?

Turn over

14. Explain the activities of Cash flow statement.
15. What do you mean by redemption preference shares ?

(15 × 2 = 30, maximum ceiling 25 marks)

Part B

Answer all questions.

16. Explain the conditions applicable for redemption of preference shares.
17. How will you value the inventory per kg. of finished goods which consisted of : Material cost : 100 per kg. Direct labour cost : 20 per kg. Direct variable production overhead : 10 per kg. Fixed production charges for the year on normal capacity of 10000 kgs. Rs. 1,00,000. At the year end, 2000 kg. of finished goods are in stock.
18. From the following information, calculate inventory turnover ratio :
- Inventory in the beginning = 18,000
- Inventory at the end = 22,000
- Net purchases = 46,000
- Wages = 14,000
- Revenue from operations = 80,000
- Carriage inwards = 4,000.
19. Moon Limited a subsidiary of Chand Limited sold goods costing Rs. 10,00,000 to parent for Rs. 11,00,000 and all of these goods are still held in inventory at the year-end. Assume a tax rate of 40 %. Explain the deferred tax implications.
20. Aravind Ltd. acquired Anand Ltd. on April 30, 2019. The purchase consideration is Rs. 50,00,000. The fair value of the tangible assets is Rs. 45,00,000. The company estimates the fair value of "In process research projects" at Rs. 10,00,000. No other Intangible asset is acquired by P Ltd. In the transaction. Further, cost incurred by P Ltd. in relation to that research project is as follows :
- (a) Rs. 5,00,000 - as research expenses.

(b) Rs. 2,00,000 - to establish technological feasibility.

(c) Rs. 7,00,000 - for further development cost after technological feasibility is established.

At what amount the intangible asset should be measured under Ind AS 38 ?

21. Amal Company Ltd. had 5,000, 8 % Redeemable Preference Shares of Rs. 100 each, fully paid up. The company decided to redeem these preference shares at par by the issue of sufficient number of equity shares of Rs. 10 each fully paid up at par. You are required to pass necessary Journal Entries including cash transactions in the books of the company.
22. Dhangar Ltd has a cattle field which serves the company milk, wool etc. The livestock is carried at Fair Value. The opening fair value of livestock is Rs. 54,40,000. The closing fair value Rs. 67,33,000. Out of which Rs. 2,00,000 worth was purchased during the year. Fresh borrowings were taken at the beginning of the year to buy livestock. The total borrowings by the year end was Rs. 22,00,000 @ 12 %.
- Calculate the borrowing cost as per Ind AS - 23 and comment.
23. Workers of a company filed a suit against the accident which recently took place in the of the company. One fellow worker lost a hand in the accident. The company accepted the obligation but the workers demanded a huge amount hence the case has been filed in the court. The company is ready to go to the Supreme Court for exact compensation. The experts regarding the case suggested a compensation of Rs. 10,00,000 to be provided. It is estimated that SC will dispose off the case over 6 years. Risk free rate is 6 %. Compute the provision for the first year.

(8 × 5 = 40, maximum ceiling 35 marks)

Part C

Answer any two questions.

24. You are required to prepare Balance sheet and statement of Profit and Loss from the following trial balance of SUN Chemicals Ltd. for the year ended 31st March, 2018.

Turn over

SUN Chemicals Ltd.*Trial Balance as at 31st March, 2020*

| <i>Particulars</i> | <i>Amount</i> | <i>Particulars</i> | <i>Amount</i> |
|------------------------|---------------|--------------------|-------------------------|
| Inventory | ... | 6,80,000 | Capital (Shares of |
| Furniture | ... | 2,00,000 | Rs. 10 each) |
| Discount | ... | 40,000 | ... |
| Loan to Directors | ... | 80,000 | 25,00,000 |
| Advertisement | ... | 20,000 | Debentures |
| Bad debts | ... | 35,000 | ... |
| Commission | ... | 1,20,000 | 5,00,000 |
| Purchases | ... | 23,19,000 | 11 % Bank loans |
| Plant and Machinery | ... | 8,60,000 | ... |
| Rentals | ... | 25,000 | Trade payables |
| Current account | ... | 45,000 | ... |
| Machinery | ... | 1,46,000 | Sales |
| Cash | ... | 8,000 | ... |
| Interest on bank loans | ... | 1,16,000 | Rent received |
| Preliminary expenses | ... | 10,000 | ... |
| Fixtures | ... | 3,00,000 | 46,000 |
| Wages | ... | 9,00,000 | Transfer fees |
| Consumables | ... | 84,000 | ... |
| Freehold land | ... | 15,46,000 | 10,000 |
| Tools and Equipments | ... | 2,45,000 | Profit and Loss account |
| Goodwill | ... | 2,65,000 | ... |
| Trade receivables | ... | 4,40,000 | Depreciation |
| Dealer aids | ... | 21,000 | provision : Machinery |
| Transit insurance | ... | 30,000 | ... |
| Trade expenses | ... | 37,000 | 1,46,000 |
| Distribution freight | ... | 54,000 | |
| Debenture interest | ... | 55,000 | |
| | | Total | ... |
| | | | 85,35,000 |

Additional information : Closing Inventory on 31-3-2018 : Rs. 8,23,000.

25. Balance sheets of ABC Ltd. as on 01-01-2020 and 31-12-2021 were as follows :

| <i>Liabilities</i> | 01/01/2020 Rs. | 31/12/2021 Rs. | <i>Assets</i> | 01/01/2020 Rs. | 31/12/2021 Rs. |
|--------------------|-------------------|-------------------|---------------|-------------------|-------------------|
| Creditors | 40,000 | 44,000 | Cash | 10,000 | 7,000 |
| Mr.A's loan | 25,000 | — | Debtors | 30,000 | 50,000 |
| Loan from bank | 40,000 | 50,000 | Stock | 35,000 | 25,000 |
| Capital | 1,25,000 | 1,53,000 | Machinery | 80,000 | 55,000 |
| | | | Land | 40,000 | 50,000 |
| | | | Building | 35,000 | 60,000 |
| Total | 2,30,000 | 2,47,000 | Total | 2,30,000 | 2,47,000 |

During the year, a machine costing Rs. 10,000 [accumulated depreciation Rs. 3,000] was sold for Rs. 5,000. the provision for depreciation against machinery on 01/01/2021 was Rs. 25,000 and on 31/12/2021 it was Rs. 40,000. Net profit for the year 2021 amounted to Rs. 45,000. You are required to prepare a cash flow statement.

26. From the following information you are asked to prepare a Balance sheet :

- (1) Current liabilities 1,00,000
- (2) Reserves and surplus 50,000
- (3) Bills payable 40,000
- (4) Debtors 35,000
- (5) Current ratio 1.75
- (6) Acid test ratio 1.15
- (7) Fixed assets to proprietors fund 0.75
- (8) Ratio of fixed assets to current assets 3.

27. Briefly explain the different types of financial ratios for decision making in a Company.

(2 × 10 = 20 marks)