D 92881 (Pages : 4) Name.......................................

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THIRD SEMESTER (CBCSS—UG) DEGREE EXAMINATION, NOVEMBER 2020

B.B.A.

BBA 3B 04—CORPORATE ACCOUNTING

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. What do you mean by Accounting Standards ?
2. State the importance of IFRS.
3. What do you mean by redeemable debentures ?
4. What is Redemption by conversion ?
5. What is Cash flow statement ?
6. What is contingent liability ?
7. What is borrowing cost as per Accounting Standard ?
8. What are the different sources of cash ?
9. What is liquidity ratio ?
10. What is Sinking fund ?
11. What do you mean by leverage ratio ?
12. State any two differences between Reserves and Provision.
13. What is statutory reserve ?
14. What do you mean by irredeemable Preference Shares ?
15. From the given information, calculate Gross Margin

    Sales = 5,20,000. Sales returns = 20,000, Cost of goods sold = 4,00,000.

(10 × 3 = 30 marks)

Section B

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

16. Explain the advantages of Accounting standards.
17. Explain the limitations of accounting ratios.

Turn over

18. New India Ltd. has sold goods worth ₹ 2,50,000 with a gross profit margin of 20%. The stock at the beginning and at the end of the year was ₹ 35,000 and ₹ 45,000 respectively. Calculate the Stock Turn Over Ratio.

19. On July 1, 2017 A Ltd gave notice of its intention to redeem its outstanding ₹ 4,00,00,000 $4\frac{1}{2}\%$ Debenture Stock 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% Cumulative Pref. Shares of ₹ 20 each at ₹ 22.50 per share accepted by the holders of Rs. 1,71,00,000 stock, or

    (b) 6% Debenture stock of ₹ 96 % accepted by the holders of ₹ 1,44,00,000 stock, or

    (2) To have their holdings redeemed for cash if neither of the options under (1) was accepted.

    (3) You are required to show the 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.

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

	2012	2013
	(₹)	(₹)
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 ₹ 45,000 during the year. Calculate cash from operating activities.

21. A company has 4,000, 12% redeemable Preference shares of ₹ 100 each, fully paid . The company decides to redeem the shares on December 31,1989 at a premium of 5 percent. The company makes the following issues :

    (a) 1,000 equity shares of ₹ 100 each at a premium of 5 %.

    (b) 1,000 14% debentures of ₹ 100 each.

The issue was subscribed and all the amounts were received. The redemption was duly carried out. The company has sufficient profits. Give journal entries.

22. Given : Current Ratio = 2.5 ; 1, Liquid ratio = 1.5, Working Capital = 90,000.

Find out Current assets and Current Liabilities.

23. For the year ended 31st March, 2017 provision for income-tax has been made for ₹ 30,00,000. Advance payment of tax for that year amounted to ₹ 28,00,000 and tax deducted at source on income earned by the company amounted to ₹ 23,000. On December 10, 2017 the assessment was completed and tax liability was determined at ₹ 35,45,000. Advance payment of tax for the year 2017-18 was ₹34,00,000. Show the necessary accounts for the year ending 31st March, 2018 assuming ₹ 38,00,000 provision for taxation for the year ending 31st March, 2018.

(5 × 6 = 30 marks)

Section C

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

24. Following is the Trial Balance of Dinesh Ltd. as on 31st March, 2015 :

Particulars	Credit (₹)	Particulars	Debit (₹)
Share Capital (Shares of ₹ 100)	40,00,000	Premises	30,72,000
12% Debentures	30,00,000	Plant	33,00,000
Profit & Loss A/C	2,62,500	Stock	7,50,000
Bills Payable	3,70,000	Debtors	8,70,000
Creditors	4,00,000	Goodwill	2,50,000
Sales	41,50,000	Cash in hand and at Bank	4,06,500
General Reserve	2,50,000	Calls in arrear	75,000
Prov. for bad debt as on		Interim dividend Paid	3,92,500
01-04-2014	35,000	Purchases	18,50,000
		Preliminary Expenses	50,000
		Wages	9,79,800
		General Expenses	68,350
		Salaries	2,02,250
		Bad debts	21,100
		Debenture Interest Paid	1,80,000
	1,24,67,500		1,24,67,500

Additional Information :

(i) Depreciate plant by 15%.

(ii) Write off ₹ 5,000 from preliminary expenses.

(iii) Half years debenture interest due.

(iv) Create 5% provision on debtors for doubtful debts.

(v) Provide for income tax @ 50%.

(vi) Stock on 31st March, 2015 was ₹ 9,50,000.

Prepare Profit and Loss statement and Balance Sheet as on 31st March, 2015.

25. From the following Balance Sheet, prepare Cash Flow Statement of for the year 2018 according to AS 3 Revised :—

Balance Sheet of X Ltd as on 31 /12/2018

Liabilities	1-1-2018 ₹	31-12-2018 ₹	Assets	1-1-2018 ₹	31-12-2018 ₹
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 ₹10,000 with accumulated depreciation ₹3,000 was sold for ₹ 5,000.

26. Following financial statement is summarized from the books of Armstrong Ltd. as on 31st March 2018 :

Capital and Liabilities	Amount (Rs.)	Property and Assets	Amount (Rs.)
Paid-up capital	15,00,000	Fixed Assets	16,50,000
Reserves and Surplus	6,00,000	Stock-in-trade	9,10,000
Debentures (Long-term)	5,00,000	Book Debts	12,40,000
Bank overdraft	2,00,000	Investment (short-term)	1,60,000
Sundry Creditors	12,00,000	Cash	40,000
	40,00,000		40,00,000

Annual sales Rs. 74,40,000, Gross Profit Rs. 7,44,000, Bank Overdraft is payable on demand.

You are required to calculate the following Ratios for the year and comment on the financial position as revealed by these ratios :

i) Debt Equity Ratio.

ii) Current Ratio.

iii) Proprietary Ratio.

iv) G.P Ratio.

v) Debtors Turnover Ratio.

vi) Stock Turn over Ratio.

(2 × 10 = 20 marks)