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(Pages : 4)

Name.....

Reg. No.....

**THIRD SEMESTER (CBCSS—UG) DEGREE EXAMINATION
NOVEMBER 2022**

B.B.A.

BBA 3B 04—CORPORATE ACCOUNTING

(2019 Admission onwards)

Time : Two Hours and a Half

Maximum : 80 Marks

Part A*Answer all questions.*

1. State the scope of Accounting standards.
2. State the accounting standards relates to valuation of inventories.
3. What do you mean by accounting ratios ?
4. What do you mean by profitability ratio ?
5. What are cash equivalents ?
6. What do you mean by Contingent assets ?
7. What is Sinking Fund ?
8. What is IFRS convergence ?
9. What do you mean by capital Redemption Reserve ?
10. State the treatment of inventory as per Ind AS 2.
11. What is a Cash Flow Statement ?
12. What is General Reserve ?
13. What do you mean by Redemption out of capital ?
14. From the given information, calculate Gross Margin
Sales = 5,20,000 Sales returns = 20,000 Cost of goods sold = 4,00,000
15. What is Ex-interest ?

(15 × 2 = 30, Maximum Ceiling 25 marks)

Part B*Answer all questions.*

16. Explain the advantages of Accounting standards.
17. Explain the scope of IFRS.

Turn over

18. From the following details find out : (i) Current assets ; (ii) Current Liabilities ; and (iii) Stock.

Current Ratio	..	2.5
Liquid Ratio	..	1.5
Working Capital	..	₹ 60,000

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

Total Sales (including cash sales of ₹ 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.

20. On July 1, 2017 A Ltd gave a notice of its intention to redeem its outstanding ₹ 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 ₹ 20 each at ₹ 22.50 per share accepted by the holders of ₹ 1.71,00,000 stock , or
 - b) 6% Debenture stock of ₹ 96% accepted by the holders of ₹ 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.

21. Compute cash from operating activities from the following details :

	2012	2013
	₹	₹
P&L A/c	1,10,000	1,20,000
Debtors	50,000	62,000
Outstanding Rent	24,000	42,000
Goodwill	80,000	76,000
Prepaid Insurance	8,000	4,000
Creditors	26,000	38,000

22. 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.
23. 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 :
- 1,000 equity shares of ₹ 100 each at a premium of 5 %.
 - 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.

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

Part C

Answer any two questions.

24. The comparative Balance Sheets of a company are given below :

Liabilities	2015 ₹	2016 ₹	Assets	2015 ₹	2016 ₹
Share Capital	35,000	37,000	Cash	4,500	3,900
Debentures	6,000	3,000	Book debts	7,450	8,850
Creditors	5,180	5,920	Stocks	24,600	21,350
Provision for doubtful			Land	10,000	15,000
Debts	350	400	Goodwill	5,000	2,500
Profit & Loss A/c	5,020	5,280			
	51,550	51,600		51,550	51,600

Additional Information :

- Dividend paid amounted to ₹ 1,750.
- Land was purchased for ₹ 5,000 and amount provided for the amortization of goodwill amounted to ₹ 2,500.
- Debentures were repaid to the extent of ₹ 3,000.

You are required to prepare Cash Flow Statement as per AS-3.

25. 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

Turn over

<i>Particulars</i>	Credit ₹	<i>Particulars</i>	Debit ₹
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 01-04-2014	35,000	Interim dividend Paid	3,92,500
		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.

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

Liabilities	Amount ₹	Assets	Amount ₹
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)