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Name.....

Reg. No.....

**THIRD SEMESTER (CBCSS—UG) DEGREE EXAMINATION  
NOVEMBER 2024**

B.B.A.

BBA 3B 04—CORPORATE ACCOUNTING

(2019—2023 Admissions)

Time : Two Hours and a Half

Maximum : 80 Marks

**Part A***Answer all the questions.*

1. What do you mean by Acid test ratio ?
2. Explain the term Balance sheet.
3. What is your idea about Contingent Assets ?
4. What do you mean by Tangible Assets ?
5. Explain the term Sundry debtors.
6. What do you mean by Security Premium ?
7. What is your idea about Debentures ?
8. What do you mean by Capital Reserve ?
9. Explain the term Investment.
10. What do you mean by FIFO ?
11. Explain the term Preference shares.
12. What is your idea about Dividend ?
13. What do you mean by Liability ?
14. What is your idea about Current Assets ?
15. Explain the term Retained earning.

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

**Turn over**

**Part B**

*Answer all the questions.*

16. Alpha Ltd, a management consultancy company is engaged by a client to analyse its internal control systems and provide a report on the same for a fee of Rs. 20,00,000. As at the end of the reporting period, i.e., on 31<sup>st</sup> March, 2021, the report is not ready. The costs incurred during the financial year for the project is follows : Direct expenses: Salary expenses of staff engaged on the project: Rs. 7,50,000 Overheads: Rs. 5,00,000 (1/5 directly attributable to the project) General administration expenses: Rs. 2,00,000 Assuming that at the end of the reporting period, in accordance with Ind AS 18, revenue has not been recognised, what will be the cost of inventory with regard to this project ?
17. Dart Limited a subsidiary of White Limited sold goods costing ₹ 1,00,000 to its parent for ₹ 1,10,000 and all of these goods are still held in inventory at the year-end. Assume a tax rate of 30 %. Explain the deferred tax implications ?
18. Kiran 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 ₹ 54,40,000. The closing fair value ₹ 67,33,000. Out of which ₹ 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 ₹ 22,00,000 @ 12 %. Calculate the borrowing cost as per Ind AS - 23 and comment.
19. Garden 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 ₹ 10 each fully paid up at par. You are required to pass necessary Journal Entries including cash transactions in the books of the company.
20. Given the following information.
- |                                     |     |              |
|-------------------------------------|-----|--------------|
| (a) Revenue from Operations         | ... | Rs. 3,40,000 |
| (b) Cost of Revenue from Operations | ... | Rs. 1,20,000 |
| (c) Selling expenses                | ... | Rs. 80,000   |
| (d) Administrative Expenses         | ... | Rs. 40,000   |
- Calculate Gross profit ratio and Operating ratio.
21. Design Ltd. has a current ratio of 3.5 : 1 and quick ratio of 2 : 1. If excess of current assets over quick assets represented by inventories is Rs. 24,000. Calculate current assets and current liabilities.

22. Calculate the Trade payables turnover ratio from the following figures :

- (a) Credit purchases during 2020-2021 = Rs. 12,00,000
- (b) Creditors on 1.4.2020 = Rs. 3,00,000
- (c) Bills Payables on 1.4.2020 = Rs. 1,00,000
- (d) Creditors on 31.3.2021 = Rs. 1,30,000
- (e) Bills Payables on 31.3.2021 = Rs. 7,000

23. Star Ltd has issued 8 % debentures for ₹ 10,00,000, interest being payable on 31<sup>st</sup> March and 30<sup>th</sup> September. Later the company purchases ₹ 50,000 debentures at ₹ 96 on 1<sup>st</sup> August 2021 from Open Market. You are required to write the journal entries for purchase of Debentures from Open Market and mention the profit or loss there from

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

### Part C

*Answer any two questions.*

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

- 1 Current liabilities 100000
- 2 Reserves and surplus 50000
- 3 Bills payable 40000
- 4 Debtors 35000
- 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

25. Discuss briefly about the principle assumptions in the preparation of Financial Statements.

**Turn over**

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

<i>Liabilities</i>	01/01/2020	31/12/2021	<i>Assets</i>	01/01/2020	31/12/2021
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
<b>Total</b>	<b>2,30,000</b>	<b>2,47,000</b>	<b>Total</b>	<b>2,30,000</b>	<b>2,47,000</b>

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.

27. Explain the significance and role of profit and loss account and balance sheet as essential Financial Statements for a company, highlighting their distinct functions and the critical information they provide for various stakeholders.

(2 × 10 = 20 marks)