

Reg. No. :

Code No. : 20312 E Sub. Code : GMCO 61

B.Com. (CBCS) DEGREE EXAMINATION,
APRIL 2020.

Sixth Semester

Commerce — Main

CORPORATE ACCOUNTING — II

(For those who joined in July 2012 – 2015)

Time : Three hours

Maximum : 75 marks

PART A — (10 × 1 = 10 marks)

Answer ALL the questions.

Choose the correct answer :

1. In case a company being liquidated is solvent, the interest on debentures is paid upto the date of
 - (a) Commencement of winding up
 - (b) Balance sheet preparation date
 - (c) Payment of debentures
 - (d) None of the above

2. Amount due to the government for purchase of goods is an example of
 - (a) Secured creditors
 - (b) Unsecured creditors
 - (c) Professional creditors preferential
 - (d) None of the above
3. Post acquisition profits are treated as
 - (a) capital profit
 - (b) revenue profit
 - (c) normal profit
 - (d) none of the above
4. The share of the outsiders in the subsidiary company is called
 - (a) Capital profit
 - (b) Revenue profit
 - (c) Minority interest
 - (d) None of the above
5. A non banking assets is
 - (a) An item of office equipment
 - (b) Any asset acquired from the debtors in satisfaction of claim
 - (c) Money at call and short notice
 - (d) Furniture and fixtures

6. A non-performing asset is
- (a) Money at call and short notice
 - (b) An asset that cases to generate income
 - (c) Cash balance in till
 - (d) Cash balance with RBI
7. Cost of license is shown in the
- (a) capital A/c
 - (b) revenue A/c
 - (c) general balance sheet
 - (d) Net revenue A/c
8. Under double account system, depreciation is
- (a) Credited to the asset A/c
 - (b) Credited to depreciation reserve A/c
 - (c) Debited to revenue A/c
 - (d) Debited to net-revenue A/c
9. Return on equity indicates
- (a) Measures of profitability
 - (b) The efficiency in use of assets in achieving sales
 - (c) Measure of leverage
 - (d) All of the above

10. A high ratio of total assets turn over ratio indicates
- (a) Over trading (b) Over gearing
(c) Idle capacity (d) Capial gearing

PART B — ($5 \times 5 = 25$ marks)

Answer ALL questions, choosing either (a) or (b).

Each answer should not exceed 250 words.

11. (a) The liquidator of a company in voluntary liquidation is entitled to a remuneration of 3% on the amount realised (excluding the cash on hand) and at 2% on the amount distributed to the unsecured creditors unsecured creditors including preferential creditors of Rs. 5,000 amounted to Rs. 40,000

Debenture holdus were paid Rs. 51,875 together with interest,. Preferential creditors were paid in full Rs. 510 were spent as costs or liquidation.

Cash on hand was Rs. 1,000 and assets realised Rs. 79,000. Find out liquidator's total remuneration.

Or

- (b) Explain the order of payment by the liquidator.

12. (a) How will you calculate capital reserve/goodwill, while preparing consolidated balance sheet?

Or

- (b) Balance sheet as on 31.3.17

Liabilities	'H' Ltd Rs.	'S' Ltd Rs.	Assets	'H' Ltd Rs.	'S' Ltd Rs.
Share capital (Rs. 1. each)	12,000	5,000	Sundry assets	16,000	8,000
Sundry liabilities	8,000	3,000	Investment (4000 shares in S.Ltd)	4,000	–
	<u>20,000</u>	<u>8,000</u>		<u>20,000</u>	<u>8,000</u>

Prepare a consolidated balance sheet.

13. (a) Write a short note on rebate on bills discounted.

Or

- (b) Write a short note on non performing assets and non-banking assets.

14. (a) How will you calculate capital base?

Or

- (b) A power house was built in 2010 for Rs. 16,00,000 is to be replaced now by a new one. The total cost of the new power house is Rs. 50,00,000. The estimated cost of construction of the original size of the power house is Rs. 25,00,000. The cost of materials reused for the new work is Rs. 40,000 and sale proceeds of old materials are Rs. 25,000 find out the amount charged to revenue and capital.

15. (a) Define Human resource accounting and what are the causes of HRA.

Or

- (b) It is proposed to start a business requiring a capital of Rs. 10,00,000 and an assured return of 15% on investment. Calculate the EPS (i) if the entire capital is raised by means of Rs. 100 equity shares and (ii) if 50% is raised as under (iii) and the balance by means of 10% debentures.

PART C — (5 × 8 = 40 marks)

Answer ALL questions, choosing either (a) or (b).

Each answer should not exceed 600 words.

16. (a) The capital of the Datar company Ltd was as follows:
- (i) 4000 equity shares of Rs. 100 each fully paid
 - (ii) 3000 equity shares of Rs. 100 each, Rs. 80 per share paid up
 - (iii) 1000 preference shares of Rs. 100 each full paid and
 - (iv) 1000 deferred shares of Rs. 100 each, Rs. 80 per share paid-up

The various creditors amounted in all to Rs. 1,00,000 including the liquidators remuneration Rs. 2,500. The liquidators made a call of the remaining Rs. 20 on the deferred shares which was paid in full. Ac also realised all the assets amounting to Rs. 1,91,000

A call of Rs. 15 per share was made on the equity shares which were partly paid up. This was paid in full with the exception of that on 100 shares.

Prepare liquidators account showing the returns to the share holders.

Or

- (b) You are required by a liquidates of a company to prepare a statement of account to be laid before a meeting of the shareholders from the following

Balance sheet of the company as on 1.1.2000

Liabilities	Rs.	Assets	Rs.
Share capital		Fixed asset	4,00,000
4000 equity		Book debts	3,00,000
shares of Rs. 100		Loss to date	1,00,000
each called up			
Rs. 80	3,20,000		

Liabilities	Rs.	Assets	Rs.
Rs. 100 each			
called up Rs. 70	70,000		
Secured loan			
from banks on			
building and			
machinery	1,50,000		
Trade creditors	<u>2,60,000</u>		<u> </u>
	<u>8,00,000</u>		<u>8,00,000</u>

The assets were realised as follows 1.4.2000 fixed asset Rs. 1,00,000 book debts Rs. 1,00,000 expensed paid Rs. 4,000, 1.6.2000 find assets Rs. 2,00,000, book debts - Rs. 1,00,000 1.8.2000, book debts. Final payment Rs. 50,000. The liquidator is entitled to 5% on collections and 2% on the amount paid to equity share holders. Prepare the statement on the assumption that disbursements are made in accordance with law and when cash is available.

17. (a) Balance sheet of A Ltd and B Ltd as on 31 March 2005 are given below

Liabilities	A Ltd Rs.	B Ltd Rs.	Assets	A Ltd Rs.	B Ltd Rs.
Share capital shares of Rs. 10 each fully paid	5,00,000	2,00,000	Fixed assets	3,00,000	1,00,000
General reserve	1,00,000	50,000	shares in		
Profit and loss A/c	60,000	35,000	B Ltd Current	1,65,000	–
Creditors	80,000	60,000	assets	2,75,000	2,35,000
			Preliminary expenses	–	10,000
	<u>7,40,000</u>	<u>3,45,000</u>		<u>7,40,000</u>	<u>3,45,000</u>

A Ltd acquired the shares on 1st April 2004 on which date general reserve and P and L A/c of B Ltd showed balances of Rs. 40,000 and Rs. 8,000 respectively. Preliminary expenses are not written off during the year ending 31st March 2005.

Prepare consolidated Balance Sheet.

Or

- (b) Following are the balance sheets of A Ltd and B Ltd on 31st March 2005

Liabilities	A Ltd Rs.	B Ltd Rs.	Assets	A Ltd Rs.	B Ltd Rs.
Pref. Capital (Rs. 10)	10,000	4,000	Assets	9,000	42,000
Equity capital (Rs. 10)	20,000	30,000	Investments in B Ltd:		
			2400 equity		
Reserves	4,000	1,000	shares	32,000	–
Profit and loss	5,000	5,000	250 pref.		
Creditors	6,000	2,000	share	4,000	–
	<u>45,000</u>	<u>42,000</u>		<u>45,000</u>	<u>42,000</u>

On 1.4.2004 the date of purchase of shares of B Ltd by A Ltd there was debit balance of Rs. 2,000 in the profit and loss A/c of B Ltd and reserves of B Ltd were nil. Prepare consolidated balance sheet.

18. (a) From the following particulars of Aran bank Ltd, prepare the profit and loss A/c for the year ended 31.3.97 and balance sheet as on that date

	Rs.
Paid up capital	3,00,000
Printing expenses	20,000
Investment in securities	20,000
P and L A/c (Cr)	40,000
Discount earned	5,000
Interest paid on deposits	1,00,000
Current accounts	50,000
Deposits accounts	4,00,000
Interest received	1,20,000
Fixed assets	2,00,000
Cash with other banks	50,000

	Rs.
Short loans (Cr)	5,000
Investment	20,000
Bills for collection	50,000
Other income	20,000
Cash in hand	1,00,000
Loans and advance	3,00,000
Bills discounted	1,00,000
Branch adjustment (Dr)	30,000

Additional information

- (i) Interim dividend payable Rs. 30,000
- (ii) Liability for rebate on bills discounted
Rs. 6,000
- (iii) Provision for taxation Rs. 5,000.

Or

- (b) The following are the balances of ABC. Ltd
for the year ended March 31, 1998

	Rs.
Interest on loans	5,18,000
Interest on fixed deposits	5,50,000
Commission received	16,000
Salaries and allowances	1,08,000
Discount on bills discounted	2,92,000
Rebate on bills discounted	98,000
Interest on cash credits	4,46,000
Interest on current A/c	84,000
Rent and taxes	36,000
Interest on overdraft	3,08,000
Director's fees	6,000
Auditor's fees	2,000
Interest on savings bank deposits	1,36,000
Postage and telegrams	3,000
Printing and stationery	6,000

	Rs.
Locker rents	2,000
Transfer fees	1,000
Depreciation on	
bank's properties	10,000
Sundry charges	4,000

Other information;

(i) Provision for bad debts Rs. 80,000

(ii) Provision for income tax Rs. 3,00,000

Prepare profit and loss A/c of the bank for the year ended March 31.1998.

19. (a) Electricity Ltd earned a profit of Rs. 17,20,000 during the year ended March, 2006 after debenture interest at 75% on Rs. 5,00,000 with the help of the figures given below show the disposal of the profits

	Rs.
Original cost of fixed assets	2,00,00,000
Formation and other expenses	10,00,000
Monthly average of current assets	50,00,000
Reserve fund	

	Rs.
(represented by 4% Govt. securities)	20,00,000
Contingency reserve investment	5,00,000
Loan from electricity board	30,00,000
Total depreciation written off to date	40,00,000
Profits and dividends control reserve	1,00,000
Security deposits received from customers	4,00,000

Or

- (b) From the following particulars draw up the capital amount and general balance sheet as on 31.12.1994 on double account system. Authorised capital: 8,000 shares of Rs. 100 each issued capital of Rs. 4,000 shares of Rs. 100 each fully paid (including 500 shares during the year) 8% debentures of Rs. 2,00,000 trade creditors Rs. 50,000. Reserve funds Rs. 1,00,000. Trade debtors Rs. 90,000 cash at bank Rs. 50,000 reserve fund investment at cost Rs. 1,00,000 market value Rs. 1,10,000 Stock Rs. 60,000.

Calculate of Liquidators account.

Fixed assets	Rs.
Expenditure on January 1	
Machinery	3,00,000
Building	2,00,000
Additions during the year	
Machinery	70,000
Depreciation fund	
Machinery	60,000
Building	20,000
Net revenue a/c	40,000

20. (a) The capital of Everest Co Ltd is as follows

	Rs.
9% preferences share of	
Rs. 10 each	3,00,000
Equity shares of	
Rs. 10 each	<u>8,00,000</u>
	<u>11,00,000</u>

The accountant has ascertained the following
 (i) profit after tax at 60% Rs. 2,70,000 (ii)
 depreciation Rs. 60,000 (iii) Equity dividend
 paid at 20% (iv) market price of equity share
 Rs. 40

You are required to state the following

- (1) the dividend yield on equity share
- (2) the cover for the preference and equity dividend
- (3) EPS and the price earning ratio.

Or

- (b) The following is the trading and profit and loss account Ram sons (pvt) Ltd for the year ended June 30, 1974

	Rs.		Rs.
To stock in hand	76,250	By sales	5,00,000
To purchases	3,15,250	By stock in hand	<u>98,500</u>
To carriage and			<u>5,98,500</u>
freight	2,000	By gross profit	2,00,000

	Rs.		Rs.
To wages	5,000	By non	
To gross profit	<u>2,00,000</u>	operating	
	<u>5,98,500</u>	incomes interest	
To		on security	1,500
administrative		dividend on	
Expenses	1,01,000	share	3,750
To finance		Profit on sale	
expenses		share	750
			6,000
Interest	1,200		
Discount	2,400		
Bad debts	3,400		7,000
To selling and			
distribution exp	12,000		
To non-operating			
exp			
Loss on sale of			
securities	350		
Provision for			

	Rs.	Rs.
legal suit 1,650	2,000	
To net profit	<u>84,000</u>	<u> </u>
	<u>2,06,000</u>	<u>2,06,000</u>

You are required to calculate

- (i) Expenses ratio
- (ii) Gross profit ratio
- (iii) Net profit ratio
- (iv) Operating net profit ratio
- (v) Operating ratio and
- (vi) Stock turnover.
