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B.Com. (CBCS) DEGREE EXAMINATION,
APRIL 2021.

Sixth Semester

Commerce – Main

CORPORATE ACCOUNTING – II

(For those who joined in July 2016 onwards)

Time : Three hours Maximum : 75 marks

PART A — (10 × 1 = 10 marks)

Answer ALL questions.

Choose the correct answer :

1. Secured Creditors are shown in the statement of affairs under
 - (a) List A (b) List B
 - (c) List C (d) List D

2. The term contributory includes
 - (a) Present and past members
 - (b) Holders of fully paid shares
 - (c) Preferential creditors
 - (d) None of these
3. An asset which does not generate income to the banker is termed as:
 - (a) Performing asset
 - (b) Fixed asset
 - (c) Non-performing asset
 - (d) Current asset
4. Letter of credit and endorsement are shown in the bank accounts under the head
 - (a) Bills payable (b) Contingent liabilities
 - (c) Bills for collection (d) Bills receivable
5. Under compound interest method of depreciation, interest at 4% p.a. on the balance of the depreciation fund account is charged to:
 - (a) Revenue account (b) Net revenue account
 - (c) Capital account (d) Current account
6. Under double account, interest on debentures is shown in:
 - (a) Revenue account
 - (b) Net revenue account
 - (c) Capital account
 - (d) General balance sheet

7. Where the purchase price of shares of the subsidiary is more than its net worth, the excess represents:
- (a) General reserve of the subsidiary
 - (b) Profit and loss of the subsidiary
 - (c) Capital reserve
 - (d) Goodwill or cost of control
8. A holding company is one which holds more than:
- (a) 60% of share capital of subsidiary company
 - (b) 50% of share capital of subsidiary company
 - (c) 75% of share capital of subsidiary company
 - (d) 25% of share capital of subsidiary company
9. Social Responsibility accounting is
- (a) Statutory requirements
 - (b) Legal requirement
 - (c) Voluntary disclosures
 - (d) None of these
10. Measurement of value of human resources is based on the
- (a) 'stock' concept in accounting
 - (b) Future profit concept
 - (c) Ownership concept of an assets
 - (d) None of these

PART B — (5 × 5 = 25 marks)

Answer ALL questions, choosing either (a) or (b)
in about 250 words.

11. (a) The ultra optimist Ltd went into liquidation. Its assets realized Rs.3,50,000 excluding amount realized by the sale of securities held by the secured creditors. The following was the position:

Share creditors 1,000 shares of Rs.100 each
Rs.1,00,000

Secured creditors (secured realized
(Rs.40,000) Rs.35,000

Preferential creditors Rs.6,000

Unsecured creditors Rs.1,40,000

Debentures having a Floating charge in the
assets of the company Rs.2,50,000

Liquidation expenses Rs.5,000

Liquidator's remuneration Rs.7,500

Prepare the liquidator's final statement of
account.

Or

- (b) What are the modes of winding up?

12. (a) Chennai Bank Ltd. Held the following bills on 31st March 2004:

Date of Bill	Amount Rs.	Term (Months)	Discount p.a
9th Feb	50,000	4	18
17th Feb	60,000	3	15
6th Mar	40,000	4	16.5

Or

- (b) What is rebate of bills discounted?
13. (a) The Chennai electricity company decides to replace one of its old plants with a modern one with a larger capacity. The plant when installed ten years back cost the company Rs.24,00,000. The components of materials, labour and overheads being in the ratio of 5:3:2.

It is ascertained that the costs of materials and labour have gone up by 40% and 80% respectively. The proportion of overheads to total costs is expected to remain the same as above.

The cost of the new plant as per improved design is Rs.60 lakhs and in addition, materials recovered from the old plant of a value of Rs.24,00,000 has been used in the construction of the new plant. Old plant is scrapped and sold for Rs.7,50,000

The accounts of the company are maintained under the double account system indicate how much would be capitalized and the amount to be charged to revenue. Show journal entries.

Or

- (b) U electricity Ltd, earned a profit of Rs.26,95,000 during the year ended March 31, 2004 after debenture interest at 14% on Rs.5,00,000. With the help of 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 (net)	50,00,000
Reserve fund (represented by 8% government securities)	20,00,000
Contingencies reserve investment	5,00,000
Loan from electricity board	30,00,000
Total depreciation written off to date	40,00,000
Tariffs and dividend control reserve	1,00,000
Security deposits received from customers	4,00,000
Assume the bank rate as 10%	

14. (a) From the following balance sheet of holding company and subsidiary company prepare consolidated balance sheet as on 31st Dec 2004

Liabilities	Holding company	Subsidiary company	Assets	Holding company	Subsidiary company
Share capital (in shares of Rs.10 each)	20,000	10,000	Assets	20,000	15,000
Creditors	10,000	5,000	Investments shares of subsidiary company	10,000	
	<u>30,000</u>	<u>15,000</u>		<u>30,000</u>	<u>15,000</u>

Or

- (b) Consolidate the Balance sheet as on 31st Dec 2004

Liabilities	H Ltd	S Ltd	Assets	H Ltd	S Ltd
Share capital (in shares of Rs.10 each)	1,00,000	50,000	Assets	1,50,000	80,000
Creditors	1,00,000	30,000	Investments 5000 shares at par	50,000	
	<u>2,00,000</u>	<u>80,000</u>		<u>2,00,000</u>	<u>80,000</u>

15. (a) Aftech Ltd. is a firm that specializes in offering technical consulting services. Aftech reported operating income (EBIT) of Rs.51.5 lakh and net income of Rs.23 lakh in the most recent year. In the most recent year, the firm had Rs.14 lakh training and recruitment expenses. A consultant who joins Aftech stayed with the firm on average, 4 years. Training and recruitment expenses are amortisable over 4 years, and over the past 4 years they are:

Year	Training and Recruitment Expenses (Rs. in lakh)
Current	14
1	12
2	10.40
3	9.10
4	8.30

Assuming a linear amortisation schedule (over 4 years), you are required to estimate. The value of human capital asset, The adjustment to net income

Or

- (b) What is Human Resources Accounting and Define it.

PART C — ($5 \times 8 = 40$ marks)

Answer ALL questions, choosing either (a) or (b) in about 600 words.

16. (a) Following is the balance sheet of X Ltd., on 31st March 2004

	Rs.		Rs.
12,000 fully paid shares of Rs.10 each	1,20,000	Buildings	1,00,000
Sundry creditors	30,000	Machinery & Plant	40,000

Bank overdraft	28,000	Stock	15,000
		Debtors	22,000
		Profit and Loss account	1,000
	<u>1,78,000</u>		<u>1,78,000</u>

There was voluntary liquidation of X Ltd., and the assets were sold to Y co Ltd for Rs.1,50,000 its payment is made as under: (i) Rs.60,000 in cash (which is sufficient to pay off creditors, bank overdraft and liquidation expenses Rs.2,000), (ii) Rs.90,000 by allotment of 12,000 shares of Rs.10 each of Y co. Ltd which will be treated Rs.7.50 per share paid up. Prepare liquidator's statement of account in the books of X co Ltd and pass the necessary journal entries in the books of Y co Ltd.

Or

- (b) Following is the position of Abhi company of 31st March 2006:

Property Rs.90,000; Machinery Rs.30,000; stock Rs.10,000; Profit and Loss Account (Dr) Rs.5,000; Debenture Rs.50,000; Loan on Mortgage Rs.10,000; Unsecured creditors Rs.7,000; income for previous year Rs.2,000; 4,000 6% Preference shares of Rs.10 each; 2,600 equity shares of Rs.10 each.

Debenture holders have a floating charge on all the assets of the company; A receiver has been appointed by the debenture holders. There is voluntary liquidation of the company and a liquidator has also been appointed. After taking into consideration the following information, prepare receiver's receipts and payments account liquidator's final statement of account.

Machinery is lodged as a security against mortgaged debt. Assets worth Rs.80,000 were placed in the charge of receiver who realized Rs.78,000 on these assets. His remuneration is Rs.400 and its cost Rs.200 cost of liquidation is Rs.800; liquidator's remuneration is Rs.500 liquidator received Rs.9,500 from the sale of remaining property. Legal expenses of liquidation amounted to Rs.100 machinery realized Rs.25,000.

17. (a) From the following particulars, prepare profit and loss account of honest bank for the year ended 31st March, 2004:

	Rs.('000)
Interest on deposits	3200
Commissions (Cr)	100
Interest on loans	2490
Sundry charges (Dr)	100
Rent and Taxes	200
Payment to Employees	500
Discount on Bill Discounted	1490

Interest on overdrafts	1600
Interest on cash credit	2320
Auditor's fees	35
Director's fees	16
Bad debts to be written off	300

Or

- (b) From the following information, prepare profit and loss account for the period ended on 31st March 2004:

	Rs.('000)
Interest on Loan	300
Interest on Fixed Deposit	275
Commission	10
Exchange and Brokerage	20
Salaries and allowances	150
Discount on Bills (Gross)	152
Interest on Temporary OD in current Account	30
Interest on cash credit	240
Interest on savings bank deposit	87
Postage, telegrams an stamps	10
Printing and stationery	20
Sundry expenses	10
Rent	15
Taxes and licenses	10
Audit fees	10
Additional information:	
Rebate on bills discounted	30
Salary of managing director	30

Bad debts 40
Provisions for income tax is to be made 55% (round off to the nearest thousand)
Interest of Rs.4000 on doubtful debts was wrongly credited to interest on loan account
Provide Rs.15,000 as dividend

18. (a) From the following particulars draw up the capital account and general balance sheet as on 31.12.2004 on the double account system:

Authorised capital	10,000 shares of Rs.100 each
Issued and paid up capital	5000 shares of Rs.100 each including 500 shares issued in 2004
7½ percent debentures	Rs.1,00,000
Reserve fund	Rs.1,50,000
Trade creditors	Rs.50,000
Trade debtors	Rs.1,10,000
Cash at bank	Rs.30,000
Reserve fund investment	at cost Rs.1,50,000 (market value Rs.1,80,000)
Stock	Rs.60,000

Net revenue account	Rs.40,000
Fixed assets	
Expenditure up to 30.12.2003	
Buildings	Rs.2,00,000
Machinery	Rs.3,00,000
Expenditure during the year 2004	
Machinery	Rs.70,000
Depreciation fund	
Building	Rs.30,000
Machinery	Rs.50,000

Or

- (b) Difference between double account system and double entry system.

19. (a) The following are the summarized balance sheets of A Ltd and its subsidiary B Ltd as on 31st Dec 2004.

Liabilities	A Ltd	B Ltd	Assets	A Ltd	B Ltd
5,000 equity shares of Rs.100 each fully paid	5,00,000		Land & Machinery	1,00,000	40,000
10,000 equity shares of Rs.10 each fully paid		1,00,000	Plant & Machinery	1,00,000	50,000

General Reserve	10,000	40,000	Stock	90,000	30,000
Creditors Bills Payable	20,000	30,000	Debtors Bills Receivable	40,000	30,000
	-	5,000	Bank	15,000	-
			Cash	1,00,000	20,000
				5,000	5,000
			Investments: 7,500 shares of B Ltd (Cost)	80,000	-
	<u>5,30,000</u>	<u>1,75,000</u>		<u>5,30,000</u>	<u>1,75,000</u>

A Ltd acquired shares in B Ltd pm 1.1.2004 when B Ltd had Rs.10,000 in General Reserve. No dividend has been declared by B Ltd in 2004.

All bills receivable of A Ltd are drawn of B Ltd. You are asked to prepare a consolidated Balance sheet of A Ltd., and its subsidiary B Ltd as on 31st Dec 2004.

Or

(b) Balance sheet as on 31st March 2006

	H Ltd	S Ltd		H Ltd	S Ltd
Share capital:			Sundry Assets	20,000	8,000
In Re.1 fully paid shares	12,000	5,000	Investment: 5,000 shares of S Ltd	6,500	
Profit And Loss Account	2,000	1,000			
Sundry Liabilities	7,500	1,000			
Reserve	<u>5,000</u>	<u>1,000</u>			
	<u>26,500</u>	<u>8,000</u>		<u>26,500</u>	<u>8,000</u>

Shares were acquired by H Ltd on 30th September 2005. S Ltd transferred Rs.500 from profits to reserve on 31st March 2006.

Prepare the consolidated Balance sheet.

20. (a) What are the methods in Human Resources valuation?

Or

- (b) XYZ Ltd has supplied the following information relating to its staff community and general public benefits for the year 2003-2004:

	Rs'000
Tax paid to state govt	4,994
Tax paid to central govt	10,346
Local tax paid	32
Generation of business	1,049
Medical facilities	196
Educational facilities	60
Training and career development	34
Extra hours put in by officers voluntarily	35
Increase in cost of living in the vicinity on account of cement plant	500

State services consumed:	
electricity services	3921

Central services consumed:	
telephone, telegrams etc	413

Provident fund, bonus,	
insurance benefit	363

You are required to prepare social income statement.
