

Reg. No. :

Code No. : 32017 E Sub. Code : SMCO 61/
AMCO 61

B.Com. (CBCS) DEGREE EXAMINATION,
APRIL 2023.

Sixth Semester

Commerce – Core

CORPORATE ACCOUNTING – II

(For those who joined in July 2017 – 2020)

Time : Three hours

Maximum : 75 marks

PART A — (10 × 1 = 10 marks)

Answer ALL questions.

Choose the correct answer.

1. A contributory is a
 - (a) Unsecured creditors
 - (b) Preferential creditors
 - (c) Shareholder
 - (d) Debenture holder



2. Preferential creditors are shown in the statement of affairs under
- (a) List D (b) List B
(c) List C (d) List A
3. Rebate on bills discounted is
- (a) An accrued income
(b) An item of Income
(c) A liability
(d) Income received in advance
4. The percentage of profit to be transferred to statements reserve by banking company is
- (a) 25% (b) 15%
(c) 10% (d) 5%
5. Under double account system, Interest on debentures is shown in
- (a) Revenue a/c
(b) Net revenue a/c
(c) Capital a/c
(d) General Balance sheet

6. Cost of licence appears in _____.
- (a) Asset a/c
(b) Replacement a/c
(c) Capital a/c
(d) Revenue a/c
7. A company in which more than 50% of shares are held by another company is termed as _____.
- (a) Holding company
(b) Subsidiary company
(c) Government company
(d) Public company
8. Minority interest is shown on the _____ side of consolidated Balance sheet.
- (a) Asset
(b) Liability
(c) Income
(d) Expenditure
9. Under traditional accounting, the amount spent on human resources is treated as on _____.
- (a) Income (b) Profit
(c) Expense (d) Loss



10. Measurement of the value of human resources is based on

- (a) 'Stock' concept in accounting
- (b) Future profit concept
- (c) Ownership concept an asset
- (d) Rewards valuation

PART B — (5 × 5 = 25 marks)

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

Each answer should not exceed 250 words.

11. (a) Who are Preferential creditors?

Or

- (b) The following particulars relate to a limited company which has gone into voluntary liquidation. You are required to prepare the liquidator's final account, allowing for his remuneration @ 2% on the amount realised and 2% on the amount distributed among unsecured creditors other than preferential creditors:

	Rs.
Preferential creditors	10,000
Unsecured creditors	32,000
Debentures	10,000

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The assets realised the following sums:

Land and Buildings	20,000
Plant and Machinery	18,650
Fixtures and Fittings	1,000

The liquidation expenses amount to Rs.1,000.

12. (a) Explain the meaning of Non-Performing Assets.

Or

- (b) On 31st March, 2018 a bank held the following bills, discounted by it earlier:

Date of bill 2018	Term of bill (Months)	Discounted @ % p.a.	Amount of bill (Rs.)
January, 17	4	17	7,30,000
February, 7	3	18	14,60,000
March, 9	3	17.5	3,64,000

You are required to calculate the rebate on bills discounted.

13. (a) How does Double account system differ from Single account system?

Or

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- (b) The Bangalore Municipal Corporation replaces part of its existing water mains with larger mains at the cost of Rs.75,00,000. The original cost of laying the old mains was Rs.15,00,000 and the present cost of laying those mains would be three times the original cost Rs.1,25,000 was realised by the sale of old materials and old materials of Rs.3,75,000 were used in the replacement and included in the cost given above.

Show the allocation of expenses between revenue and capital.

14. (a) Explain
(i) Subsidiary company and
(ii) Holding company.

Or

- (b) On 1.7.2011, X Ltd., acquired 60% shares of Y Ltd., (with a total capital of Rs.5,00,000) for Rs.3,80,000. The balance sheet of Y Ltd., showed P&L a/c balance on 1.1.2011. Rs.1,20,000 and profit for the year 2011 for Rs.1,00,000. Calculate the value of goodwill or capital reserve.

15. (a) Explain the objectives of HRA.

Or

- (b) Mention the various 'value based of Human Resources Valuation'.

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PART C — (5 × 8 = 40 marks)

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

Each answer should not exceed 600 words.

16. (a) The Balance sheet of Bubble Ltd. as on 31.12.2014 was as follows:

Liabilities	Amount	Assets	Amount
Share capital :		Land and Buildings	25,000
8,000 Pref. shares		Other fixed assets	2,00,000
of Rs.10 each	80,000	Stock	5,25,000
12,000 Equity		Debtors	1,00,000
shares of		Profit and Loss a/c	58,000
Rs.10 each	1,20,000		
Bank Loan	4,00,000		
8% Debentures	1,00,000		
Interest outstanding			
on debentures	8,000		
Creditors	2,00,000		
	<u>9,08,000</u>		<u>9,08,000</u>

The company went into liquidation on that date. Prepare liquidator's final statement of account after taking into account the following.

- (i) Liquidation expenses and liquidator's remuneration amounted to Rs.3,000 and Rs.1,00,000 respectively.

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- (ii) Bank loan was secured by pledge of stock.
- (iii) Debentures and interest thereon are secured by a floating charge of all assets.
- (iv) Fixed assets were realised at book value and current assets at 80% of book values.

Or

- (b) The following particulars relate to a limited company which has gone into voluntary liquidation. You are required to prepare the liquidator's final account allowing for his remuneration @ 3% on the amount realised and $2\frac{1}{2}\%$ on the amount paid to the unsecured creditors.

Share capital issued :

5,000 preference shares of Rs.100 each (fully paid)

30,000 equity shares of Rs.10 each fully paid.

12,000 equity shares of Rs.10 each, Rs.8 paid up.

Assets realised Rs.9,24,000 excluding amount realised by sale of securities held by the secured creditors.

	Rs.
Preferential creditors	24,000
Unsecured creditors	8,51,094
Secured creditors (security realised Rs.1,62,000)	1,38,000
Debentures having a floating charge on the assets	3,00,000
Expenses of Liquidation amounted to Rs.9,000	

A call of Rs.2 per share on the partly paid equity shares was duly paid except in case of one shareholder owning 1,200 shares.

17. (a) From the following information relating Bank Ltd. Prepare the profit and Loss Account for the year ended 31.12.2014.

	Rs.
Rent received	72,000
Exchange and commission	32,000
Interest on Fixed deposit	11,00,000
Interest on SB a/c	2,72,000
Interest on overdraft	2,16,000
Discount on bills discounted	7,80,000
Interest on current accounts	1,68,000
Interest on cash credit	8,92,000



	Rs.
Depreciation on Bank property	20,000
Salaries and allowances	2,18,800
Postage	5,600
Sundry charges	4,000
Director's and Auditor's fee	16,000
Printing	8,000
Law charges	3,600
Locker rent	1,400
Transfer fees	2,800
Interest on loans	10,36,000

Or

- (b) The following are the balances of ABC Bank Ltd for the year ended 31st March 2014.

	Rs. (in '000)
Interest on loans	15,18,000
Interest on fixed deposits	15,50,000
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	5,46,000
Interest on current account	84,000

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	Rs. (in '000)
Rent and taxes	36,000
Interest on overdrafts	3,08,000
Director's fees	6,000
Auditor's fees	2,000
Interest on savings bank deposits	2,36,000
Postage and Telegrams	3,000
Printing and Stationery	6,000
Locker rent	2,000
Transfer fees	1,000
Depreciation on Bank's properties	10,000
Sundry charges received	4,000

Other information:

- (i) Provision for Bad debts Rs.80,000
- (ii) Provision for income tax Rs.3,00,000

From the above information, prepare the profit and loss account of the bank for the ended March 31, 2014.

18. (a) City electricity Ltd., earned a profit of Rs.8,45,000 during the year ended 31st March 2019 after debenture interest @ $7\frac{1}{2}\%$ on Rs.2,50,000. With the help of the figures given below, show the disposal of profits:

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	Rs.
Original cost of fixed assets	1,00,00,000
Formation and other expenses	5,00,000
Monthly average of current assets (net)	25,00,000
Reserve fund (represented by 4% Govt. Sec.)	10,00,000
Contingencies Reserve Fund Investments	2,50,000
Loan from Electricity Board	15,00,000
Total depreciation written off to date	20,00,000
Tariff and Dividend Control reserve	50,000
Security deposits received from customers	2,00,000
Assume Bank Rate to be 6%.	

Or

- (b) Electricity Ltd., earned a profit of Rs.20,00,000 during the year ended March 2016 after debenture interest at 7% on Rs.5,00,000 with the help of the figure given below, show the disposal of the profits.

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	Rs.
Original cost of fixed assets	3,00,00,000
Formation and other expenses	10,00,000
Monthly average of current asset (net)	35,00,000
Reserve Fund Investment at par 5%	20,00,000
Contingency Reserve Fund Investments	5,00,000
Loan from Electricity Board	60,00,000
Depreciation written off to date	60,00,000
Tariff and Dividend Control Reserve	2,00,000
Security deposit from customers	3,00,000
Development Reserve *	5,00,000
Assume a bank rate to be 6%.	

19. (a) From the Balance Sheet and information given below, prepare consolidated Balance sheet.

Balance Sheets as on 31.12.2013

Liabilities	H Ltd.	S Ltd	Assets	H Ltd.	S Ltd
	Rs.	Rs.		Rs.	Rs.
Share capital			Fixed assets	4,00,000	60,000
(in shares			Stock	3,00,000	1,20,000
of Rs.10 each)	5,00,000	1,00,000	Debtors	75,000	85,000

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Liabilities	H Ltd. Rs.	S Ltd Rs.	Assets	H Ltd. Rs.	S Ltd Rs.
Profit and			Bills receivable	20,000	-
Loss a/c	2,00,000	60,000	Shares in S Ltd		
Reserves	60,000	30,000	at cost		
Bills payable	-	15,000	7,500 shares	75,000	-
Creditors	1,10,000	60,000			
	<u>8,70,000</u>	<u>2,65,000</u>		<u>8,70,000</u>	<u>2,65,000</u>

Additional information :

- The Bills accepted by S Ltd are all in favour of H Ltd.
- The stock of H Ltd includes Rs.25,000 bought from S Ltd at a profit to latter of 20% on sales
- All the profit of S Ltd has been earned since the shares were acquired by H Ltd but there was already the reserve of Rs.30,000 at that date.

Or

- The balance sheet of A and B Ltd as on 31.3.2017 was as follows.

Liabilities	A Ltd. Rs.	B Ltd Rs.	Assets	A Ltd. Rs.	B Ltd Rs.
Share capital :			Sundry assets	20,000	8,000
Equity shares			Investments		
of Re.1 each	12,000	5,000	5,000 shares		
Reserve	5,000	1,000	of B Ltd.	6,500	-

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Liabilities	A Ltd. Rs.	B Ltd Rs.	Assets	A Ltd. Rs.	B Ltd Rs.
Profit and					
Loss a/c	2,000	1,000			
Sundry liabilities	7,500	1,000			
	<u>26,500</u>	<u>8,000</u>		<u>26,500</u>	<u>8,000</u>

Shares were acquired by A Ltd. on 30.6.2016, B Ltd. transferred Rs.500 from profits to reserve on 31.3.2017. Prepare consolidated balance sheet.

- Explain the merits and demerits of Human resource accounting.

Or

- Explain briefly the causes for HRA.

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