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THIRD SEMESTER B.Com./B.B.A. DEGREE EXAMINATION, NOVEMBER 2019

(CUCBCSS—UG)

B.Com.

BCM 3B 04—CORPORATE ACCOUNTING

(2017 Admissions)

[Common for B.Com. Vocational]

Time : Three Hours Maximum : 80 Marks

Part I

Answer **all** *questions.*
Each question carries 1 *mark.*

1. Accounting for inventories is based on the ———— concept.

   (a) Entity. (b) Dual Aspect.

   (c) Matching. (d) Cost concept.

2. Fixed production overheads should be allocated on the basis of ———— capacity.

   (a) Normal. (b) Average.

   (c) Absolute. (d) Comparative.

3. ———— is the amount of cash or cash equivalents paid to acquire an asset at the time of its acquisition or construction.

   (a) Price. (b) Utility.

   (c) Estimate. (d) Cost.

4. The ———— model is used as an accounting policy to report carrying an amount of property, plant, and equipment (fixed assets) in the balance sheet.

   (a) Replacement. (b) Cost.

   (c) Revaluation. (d) Economic.

5. ———— is the price at which an entity would sell a promised good or service separately to a customer.

   (a) Average selling price. (b) Differential selling price.

   (c) Stand along selling price. (d) Special selling price.

Turn over

6. ———— is difference in tax liability calculated for temporary difference between the taxable profit and accounting profit.

   (a) MMR. (b) Average tax.

   (c) Surcharge. (d) Deferred tax.

7. ———— are loans which the lender undertakes to waive repayment under certain prescribed condition.

   (a) Forgivable loans. (b) Repayable loans.

   (c) Revocable loans. (d) Irrevocable loan.

8. ———— shares are those shares which are issued by a company free of cost to the existing shareholders of a company out of its large reserves created out of past profits.

   (a) Right shares. (b) Bonus shares.

   (c) Equity shares. (d) Deferred shares.

9. A heavy share means :

   (a) A share for which no dividend is payable.

   (b) A share with a low price.

   (c) A share with no price.

   (d) A share with a high price.

10. The right of the existing equity shareholders to get shares out of fresh issue made by a company :

   (a) Pre-emptive right. (b) Substantial right.

   (c) Secured right. (d) Agreed right.

(10 × 1 = 10 marks)

Part II

Answer any **eight** *questions.*
Each question carries 2 marks.

11. What is Net Realisable Value ?

12. Write the objective of IAS 23.

13. What is investment property ?

14. What does IAS 12 mean ?

15. Define provision.

16. What is contingent asset ?

17. What are government grants ?

18. What do you understand by Construction Contracts (Ind AS-11) ?

19. What is IFRS ?

20. Discuss the accounting treatment of finance lease in the books of Lessor.

(8 × 2 = 16 marks)

Part III

Answer any **six** *questions.*
Each question carries 4 marks.

21. What do you mean by impairment of asset ? Mention its treatment.

22. Rani Ltd. had 10%, 5,000 debentures of X 100 each due for redemption on 1-4-2018. The debenture trust deed provided that the company may redeem the debentures at a premium of 5% at any time before maturity. The directors decided to exercise this option and issued 40,000 equity shares of X 10 each at 10% premium and 1,000 9% debentures of Rs. 100 each at par for the purpose of redemption. Write journal entries.

23. Write the features of double account system.

24. XY Ltd. has a fully paid equity capital of Rs 5,00,000 divided into shares of Rs. 10 each and 1,00,000 partly paid shares of Rs. 10 each, Rs. 7 paid up. It has an accumulated profit to the credit of its profit and loss account of Rs. 2,00,000, free reserve of Rs. 1,50,000 and security premium of ? 50,000. It has decided to convert the partly paid equity shares into fully paid by applying bonus out of accumulated profit and free reserves. The bonus was declared at Rs. 6 per share on the fully paid up capital. Pass necessary journal entries.

25. Write short note on the advantages and disadvantages of setting of Accounting Standards.

26. On 31st December 2015 Ambuja Ltd., redeemed R. 1,00,000, 10% debentures out of profits. Pass journal entries for redemption.

27. An electricity supply company replaced an electric line at a cost of Rs. 90,00,000 in 2012. The original cost of the line at the time of its installation in 1982 was Rs. 20,00,000. The replacement cost of the old line at the old capacity was Rs. 60,00,000. The old materials obtained on replacement realised Rs. 3,00,000. Calculate the amount to be capitalised and also give journal entries on replacement.

28. Aravind Pharma Ltd. Ordered 16,000 kg of certain material at Rs. 160 per unit. The purchase price includes excise duty Rs. 10 per kg in respect of which full CENVAT credit is admissible. Freight incurred amounted to Rs. 1,40,160. Normal transit loss is 2%. The company actually received 15,500 kg and consumed 3,600 kg of material. Compute cost of inventory under AS 2. and amount of abnormal loss.

(6 × 4 = 24 marks)

Turn over

Part IV

Answer any **two** *questions.*
Each question carries 15 *marks.*

29. What do you mean by buy back of shares ? Also mention its objectives, merits and demerits.

30. From the following details of an electricity supply company, maintain accounts under the Double Account system, calculate the following : (a) Clear Profit, (b) Capital Base, (reasonable return, and (d) Amounts available for dividends, and contribution to tariff and dividend control reserve and customer's rebate reserve.

Particulars	Rs.	Particulars	Rs.
Sale of energy	12,40,000	Management expenses	90,000
Meter rents	90,000	depreciation	60,000
Transfer fees	1,000	Interest on loan from EB	9,000
Cost of generation	6,05,000	Contingency reserve	
		investment income	5,000
Distribution and			
selling expenses	65,000	Interest on security deposit	1,000
Rent. Rates and taxes	18,000	Interest on Bank deposit	600
Audit fees	5,000	Contribution to PF	32,000
Intangible written off	3,000		

Original cost of fixed assets is Rs. 27,00,000 ; contributions by consumers for acquisition of such fixed assets Rs. 2,00,000 : cost of intangibles Rs. 50,000 ; contingency reserve investments Rs. 50,000 ; stores opening and closing Rs. 40,000 and Rs. 60,000 respectively ; cash and Bank balances-opening and closing Rs. 50,000. Depreciation upto the beginning of the year, Rs. 5,00,000 intangibles written off upto the beginning of the year Rs. 4,000. Security deposit of customers held in cash Rs. 20,000. Tariff and dividend control reserve- opening balance Rs. 8,00,000. Development reserve- opening balance Rs. 1,20,000. Amount carried forward for distribution to consumers Rs. 15,000. Loan from State electricity Board Rs. 90,000. No new plant and machinery was added in the year. Transfer in the year to contingency reserve was Rs. 8,000. Reserve Bank rate is to be adopted at 8%.

31. From the following data, compute the 'Net Assets' value of each category of equity shares of Smith Ltd. :

Shareholders' funds :

10,000'A' Equity shares of Rs. 100 each, fully paid

10,000'B' Equity shares of Rs. 100 each, Rs. 80 paid

10,000 'c' Equity shares of Rs. 100 each, Rs. 50 paid

Retained Earnings Rs. 9,00,000.

(2 × 15 = 30 marks)