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Code No. : 12017 E      Sub. Code : SMC0 61

B.Com. (CBCS) DEGREE EXAMINATION,  
NOVEMBER 2022.

Sixth Semester

Commerce — Core

CORPORATE ACCOUNTING — II

(For those who joined in July 2017 onwards)

Time : Three hours

Maximum : 75 marks

PART A — ( $10 \times 1 = 10$  marks)

Answer ALL questions.

Choose the correct answer :

1. List E in statement of affairs gives the list of  
\_\_\_\_\_
- (a) Secured creditors
- (b) Preferential creditors
- (c) Unsecured creditors
- (d) Promoters

2. Any sum due to an employee out of provident fund is an example of \_\_\_\_\_
- (a) Unsecured creditors
  - (b) Partly secured creditors
  - (c) Secured creditors
  - (d) Preferential creditors
3. Every banking company is required to close its accounts on \_\_\_\_\_
- (a) 31<sup>st</sup> December      (b) 31<sup>st</sup> March
  - (c) 30<sup>th</sup> June      (d) 30<sup>th</sup> September
4. The heading other assets does not include \_\_\_\_\_
- (a) Stationary and stamps
  - (b) Interest accrued
  - (c) Gold
  - (d) Silver
5. What is the name of account which shows profit and loss appropriation under double account system?
- (a) Revenue a/c
  - (b) Net revenue a/c
  - (c) Income statement
  - (d) Income and expenditure a/c

6. The excess of clear profit over reasonable return should be taken as \_\_\_\_\_
- (a) Surplus      (b) Profit
  - (c) Loss      (d) Capital
7. Profits earned by a subsidiary company upto the date of acquisition of shares by the holding company are called \_\_\_\_\_
- (a) Revenue profits
  - (b) Capital profits
  - (c) Revaluation profits
  - (d) Realisation profits
8. The excess price paid by a holding company to acquire 'controlling interest' in the subsidiary company is transferred to \_\_\_\_\_
- (a) Capital reserve      (b) Revenue reserve
  - (c) Goodwill a/c      (d) Secret reserve
9. The prominent among the value based models is the \_\_\_\_\_
- (a) Flamholtz model
  - (b) Lev and Schwarz model
  - (c) Lee and Rosenbloom model
  - (d) Rensis Likert model

10. Expenses incurred by a business enterprise on the recruitment, training and development of workers are considered as \_\_\_\_\_

- (a) Opportunity costs (b) Imputed costs  
(c) Current costs (d) Capital costs

PART B — (5 × 5 = 25 marks)

Answer ALL questions, choosing either (a) or (b).  
Each answer should not exceed 250 words.

11. (a) Draw a specimen form of Liquidators final statement of account.

Or

- (b) The following particulars relate to a limited company which went into voluntary liquidation :

Preferential creditors Rs. 25,000

Unsecured creditors Rs. 58,000

6% debentures Rs. 30,000

The assets realized Rs. 80,000. The expenses of liquidation amounted to Rs. 1,500 and the liquidator's remuneration was agreed 2 1/2% on the amount realized and 2% on the amount paid to unsecured creditors including preferential creditors.

Show the liquidator's final statement of account.

Page 4 Code No. : 12017 E

12. (a) On 31<sup>st</sup> 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.

Or

- (b) From the following particulars relating to the Punjab bank Ltd. ascertain the profit balance carried over to the balance sheet :

	Rs.
Net profit for the year	1,28,000
Profit brought forward from the previous year	1,20,000
Transfer to statutory reserve	25%
Transfer to other reserve	10%
Transfer to proposed dividend	20,000

13. (a) State the rules relating to calculation of reasonable return.

Or

Page 5 Code No. : 12017 E

- (b) The Pioneer Gas co. rebuilt and re-equipped part of their works at a cost of Rs. 15,00,000. The part of the old works thus superseded cost Rs. 9,00,000. Rs. 60,000 is realized by the sale of old materials and old materials valued Rs. 2,000 are used in the reconstruction and included in the cost of Rs. 15,00,000 mentioned above. The cost of labour and materials is 20% higher now than when the old works were constructed.

Give journal entries.

14. (a) Write short notes on :

- (i) Minority interest and  
(ii) Cost of control.

Or

- (b) A subsidiary company has a capital of Rs. 5,00,000 in shares of Rs. 100 each out of which the holding company acquired 80% of the shares at Rs. 6,00,000. The profits of the subsidiary co., on the date of acquisition of shares by the holding Co., were Rs. 3,00,000. Calculate the value of Goodwill or capital reserve.

15. (a) State the process of human resource accounting.

Or

- (b) Mention the various value based methods of human resource valuation.

Page 6 Code No. : 12017 E

### PART C — (5 × 8 = 40 marks)

Answer ALL questions, choosing either (a) or (b)  
Each answer should not exceed 600 words.

16. (a) From the following particulars relating to a company, prepare liquidator's final statement of account allowing his remuneration @ 2% on the amount realized on assets realized on assets and 2% on the amount distributed to unsecured creditors other than preferential creditors.

	Rs.
Unsecured creditors	24,000
Preferential creditors	10,000
Debentures	25,000

The assets are realized as follows :

Cash in hand	10,000
Land and buildings	30,000
Plant and machinery	10,000
Furniture	7,500
Liquidation expenses	2,000

Or

- (b) Kannan Ltd. was Liquidated on 31.12.2012. Balance sheet as on 31.12.2012.

	Rs.	Rs.
Share capital	1,00,000	Land and buildings
		60,000

Page 7 Code No. : 12017 E

8% debentures	1,00,000	Plant and machinery	60,000
Mortgage loan (secured on land and buildings)	50,000	Stock	60,000
Sundry creditors	80,000	Debtors	70,000
		Cash in hand	5,000
		Profit and loss a/c	<u>75,000</u>
	<u>3,30,000</u>		<u>3,30,000</u>

Assets realized as follows :

- (i) Land and buildings Rs. 55,000
- (ii) Stock Rs. 20,000
- (iii) Plant and machinery Rs. 25,000
- (iv) Half of the debtors were bad and the balance realized 60% of book value
- (v) Liquidator was entitled to a commission of 3% on amount realized other than cash and 2% on the amount paid to unsecured creditors
- (vi) Preferential creditors amounted to Rs. 10,000 (included in sundry creditors)
- (vii) Liquidation expenses amounted to Rs. 970. Prepare liquidator's final statement of account.

17. (a) From the following particulars, prepare profit and loss account of express bank for the year ended March 31, 2015.

	Rs.
Interest on deposits	5,50,000
Commission	16,000
Interest on loans	5,18,000
Sundry charges (Dr)	4,000
Rent	2,000
Discount on bills discounted	2,92,000
Interest on overdrafts	3,08,000
Auditor's fees	2,000
Director's fees	6,000
bad debts	1,36,000

Or

- (b) From the following details relating to Madras bank Ltd, find out net profit for the year ended 31.3.2013.

	Rs.
Interest received	3,90,000
Other income	55,500
Interest expended	2,13,700
Operating expenses	48,000
Provisions and contingencies	1,30,000
Transfer to statutory reserve	6,500
Transfer to proposed dividend	10,000

18. (a) Electricity Ltd., earned a profit of Rs. 17,20,000 during the year ended March, 2006 after debenture interest at 7.5% 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 (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
Tariffs and dividends control reserve	1,00,000
Security deposits received from customers	4,00,000

Or

- (b) The following information is extracted from the books of modern electricity company limited for the year ended 31<sup>st</sup> March 2005.

Net profit before charging debenture interest	67,50,150
10% debenture interest paid during the year	11,25,000
Capital base arrived at by the company	3,10,89,000
Reasonable return calculated by the company	40,68,450

You are required to indicate the disposal of surplus of the company.

19. (a) From the following balance sheet relating to H Ltd. and S Ltd. prepare a consolidated balance sheet.

Balance sheets as on 31.12.2012					
Liabilities	H Ltd Rs.	S Ltd Rs.	Assets	H Ltd Rs.	S Ltd Rs.
Share capital (shares of Rs. 10 each)	10,00,000	2,00,000	Sundry fixed assets	8,00,000	1,20,000
P and L a/c	4,00,000	1,20,000	Stock	6,10,000	2,40,000
Reserves	1,00,000	60,000	Debtors	1,30,000	1,70,000
Creditors	2,00,000	1,20,000	Bills receivable	10,000	—
Bills payable	—	30,000	Shares in 'S Ltd.' at cost	(15,000)	1,50,000
	<u>17,00,000</u>	<u>5,30,000</u>		<u>17,00,000</u>	<u>5,30,000</u>

- (i) All profits S Ltd. have been earned after the shares were acquired by H Ltd. But there was already a reserve of Rs. 60,000 on that date.

- (ii) All the bills payable of S Ltd. were accepted in favour of H Ltd.

The stock of H Ltd. includes Rs. 50,000 purchased from S Ltd. The profit added was 25% on cost.

Or

(b) From the following details, prepare the consolidated Balance sheet.

Liabilities	H Ltd Rs.	S Ltd Rs.	Assets	H Ltd Rs.	S Ltd Rs.
Share capital	4,800	3,200	256 shares in S	2,000	—
Creditors	200	600	Sundry assets	3,000	3,900
Profit and loss a/c	<u>—</u>	<u>100</u>		<u>—</u>	<u>—</u>
	<u>5,000</u>	<u>3,900</u>		<u>5,000</u>	<u>3,900</u>

On the date of acquisition, S Ltd had a debit balance of Rs. 200 on profit and loss account.

20. (a) Explain the merits and demerits of human resource accounting.

Or

- (b) Explain any three methods which are adopted for valuation of human resource.