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(Pages : 5)

Name.....

Reg. No.....

**THIRD SEMESTER (CBCSS—U.G.) DEGREE EXAMINATION
NOVEMBER 2025**

B.B.A.

BBA3B04—CORPORATE ACCOUNTING

(2020—2023 Admissions)

Time : Two Hours and a Half

Maximum : 80 Marks

Part A*Answer all the questions.*

1. What do you mean by Operating Lease ?
2. Explain the term Earnings per Share.
3. What is your idea about Contingent Liabilities ?
4. What do you mean by Intangible Assets ?
5. Explain the term Inventory.
6. What do you mean by Financial Position ?
7. What is your idea about Equity ?
8. What do you mean by Historical cost ?
9. Explain the term Taxable Profit.
10. What do you mean by Deferred Tax Assets ?
11. Explain the term Depreciation.
12. What is your idea about Provision ?
13. What do you mean by Onerous Contracts ?

Turn over

14. What is your idea about Bank Overdraft ?
15. Explain the term Working capital.

(15 × 2 = 30, maximum ceiling 25 marks)

Part B

Answer all the questions.

16. Alpha Ltd is a trading company. It incurred the following expenses for the purchase of goods from the Metal India Ltd.

Amount paid to Metal India Ltd	Rs. 2,25,300
Transportation	Rs. 14,500
GST	5 %

The purchase bill shows the value of Rs.242000, because Metal India Ltd allowed a special trade discount of 5 % of billed value to Alpha Ltd. Metal India Ltd also allowed a cash discount of 2 % for prompt payment. Calculate the cost of purchase.

17. A dealer of paint hold 1000 pcs of paints for delivering a constructor under firm contract. The contract quantity is 900 pcs @ Rs. 340, whereas retail price of the same is Rs. 420. What should be the net realisable value of the inventories ?
18. An entity purchases plant and equipment for \$2 million. In the tax jurisdiction, there are no tax allowances available for the depreciation of this asset; neither are any profits or losses on disposal taken into account for taxation purposes. The entity depreciates the asset at 25 % per annum. Taxation is 40 %. You are required to calculate the deferred tax position of the plant and equipment on initial recognition and at the first year end after initial recognition. Also calculate DTL / DTA
19. Calculate the borrowing cost in the case of Delta Ltd., a furniture unit.
- (a) 6 Crores arranged by 10 % Debentures repayable after 8 years, 2 Crores by 8 years loan from IFCI and 2 Crores from OD with Union Bank. The IFCI interest is 9 % p.a. and OD interest is 13 % p.a.
 - (b) The Cost of issue of Debentures is Rs. 20 and lakhs.
 - (c) The Service charges for IFCI loan and consultancy charges together amounted 5 % of loan.
 - (d) Debentures repayable at 5 % premium.

20. Workers of a Sun Ltd filed a suit against the accident of a worker which recently took place in the premises of the Sun Ltd. The company accepted the obligation, but the workers demanded a huge amount hence the case has been filed in the court. The company is ready to go to the Supreme Court for exact compensation. The experts regarding the case suggested a compensation of Rs. 10,00,000 to be provided. It is further estimated that Supreme Court will dispose off the case over 6 years. Risk free rate is 6 %. Compute the provision to be maintained by Sun Ltd for the first year.
21. Calculate 'Liquidity Ratio' from the following information :
- | | | |
|-------------------------|---|------------|
| (a) Current liabilities | = | Rs. 50,000 |
| (b) Current assets | = | Rs. 80,000 |
| (c) Inventories | = | Rs. 20,000 |
| (d) Advance tax | = | Rs. 5,000 |
| (e) Prepaid expenses | = | Rs. 5,000 |
22. Calculate the Trade payables turnover ratio from the following figures :
- | | | |
|---------------------------------------|---|---------------|
| (a) Credit purchases during 2020-2021 | = | Rs. 12,00,000 |
| (b) Creditors on 1.4.2020 | = | Rs. 3,00,000 |
| (c) Bills Payables on 1.4.2020 | = | Rs. 1,00,000 |
| (d) Creditors on 31.3.2021 | = | Rs. 1,30,000 |
| (e) Bills Payables on 31.3.2021 | = | Rs. 7,000 |
23. Star Ltd has issued 8 % debentures for Rs. 10,00,000, interest being payable on 31st March and 30th September. Later the company purchases Rs. 50,000 debentures at Rs. 96 on 1st August 2021 from Open Market. You are required to write the journal entries for purchase of Debentures from Open Market and mention the profit or loss there from

(8 × 5 = 40, maximum ceiling 35 marks)

Turn over

Part C

Answer any two questions.

24. On January 1st, Wipron Ltd., had 500 Debentures of Rs. 100 each outstanding in its books carrying interest at 6 % per annum. In accordance with the powers in the deed, the directors acquired debentures from the open market for immediate cancellation as follows :

March 1 Rs. 5,000 at Rs. 98.00 (cum interest)

August 1 Rs. 10,000 at Rs. 100.25 (cum interest)

December 15 Rs. 2,500 at Rs. 98.50 (ex-interest)

Debenture interest is payable half-yearly, on 30th June and 31st Dec. Show ledger accounts of Debentures, Debenture interest and profit or loss on cancellation, ignoring income-tax.

25. Discuss briefly about the different Accounting Ratios. —

26. Prepare cash flow statement of M/s ABC Ltd. for the year ended 31st March, 2021 with the help of the following information :

- (a) Company sold goods for cash only.
- (b) Gross Profit Ratio was 30 % for the year, gross profit amounts to Rs. 3,82,500.
- (c) Opening inventory was lesser than closing inventory by Rs. 35,000.
- (d) Wages paid during the year Rs. 4,92,500.
- (e) Office and selling expenses paid during the year Rs. 75,000.
- (f) Dividend paid during the year Rs. 30,000 (including dividend distribution tax.)
- (g) Bank loan repaid during the year Rs. 2,15,000 (included interest)
- (h) Trade payables on 31st March, 2020 exceed the balance on 31st March, 2021 by Rs. 25,000.
- (i) Amount paid to trade payables during the year Rs. 4,60,000.

- (j) Tax paid during the year amounts to Rs. 65,000 (Provision for taxation as on 31.03.2021 Rs. 45,000).
- (k) Investments of Rs. 7,00,000 sold during the year at a profit of Rs. 20,000.
- (l) Depreciation on fixed assets amounts to Rs. 85,000
- (m) Plant and machinery purchased on 15th November, 2020 for Rs. 2,50,000
- (n) Cash and Cash Equivalents on 31st March, 2020 Rs. 2,00,000.
- (o) Cash and Cash Equivalents on 31st March, 2021 Rs. 6,07,500.

27. Working Capital is the Life Blood of the Business. Elucidate your answer .

(2 × 10 = 20 marks)