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CMS 505

**III Semester M.Com. Degree Examination, December 2018
(Old Syllabus) (Repeater)
COMMERCE (Optional) (FMAIS)
Corporate Accounting**

Time : 3 Hours

Max. Marks : 70

SECTION – A

Note : Answer **any four** questions out of seven, **each** question carries **10** marks, answer to **each** question should **not** exceed **4** pages. **(10×4=40)**

1. Explain the role of Human Resource Accounting in present business environment.
2. Explain the role of accounting information in decision making process.
3. Define Inventory. Explain various methods of inventory valuation.
4. Define window dressing. What are the reasons for window dressing and its implications.
5. Explain the significance of Environmental reporting.
6. From the following data calculate :
 - i) Gross profit Ratio
 - ii) Net profit Ratio
 - iii) Return on total assets
 - iv) Inventory turnover
 - v) Working capital turnover and
 - vi) Networth to debt.

P.T.O.



	₹		₹
Sales	25,20,000	Other current Assets	7,60,000
Cost of sale	19,20,000	Fixed assets	14,40,000
Net profit	3,60,000	Net worth	15,00,000
Inventory	8,00,000	Debt.	9,00,000
Current Liabilities	6,00,000		

7. Following is the Balance Sheet of AB Ltd. as on 31st March, 2017 :

Liabilities	Amount ₹	Assets	Amount ₹
15000 Equity shares of Rs. 100 each fully paid	15,00,000	Fixed assets	19,00,000
General Reserve	20,000	Discount on issue of 10% Debentures	20,000
Sundry Creditors	2,50,000	Preliminary expenses	50,000
Bank Overdraft	40,000	P and L account	1,30,000
Bills payable	40,000		
	21,00,000		21,00,000

CD Ltd. is agreed to take over the business of AB Ltd. Calculate purchase consideration under Net Asset method on the basis of following :

The market value of 75% of the sundry assets is estimated to be 14% more than book value and that of the remaining 25% at 10% less than the book value. All the liabilities at book values except there is an unrecorded liability of ₹ 30,000.

SECTION – B

Note : Answer **any two** questions out of **three**, **each** question carries **15** marks, answer to **each** question should **not** exceed **7** pages. **(15×2=30)**

8. Briefly explain the various branches of accounting.
9. Define target costing. Explain merits and demerits of target costing.



10. Prepare Cash Flow Statement of Suryan Ltd. from the following :

Balance Sheets					
	1-1-06	31-12-06		1-1-06	31-12-06
Liabilities	₹	₹	Assets	₹	₹
Share Capital	1,00,000	4,00,000	Goodwill		20,000
8% Debentures	—	2,00,000	Machinery	1,25,000	4,75,000
Retained Earnings	60,000	90,000	Stock	20,000	80,000
Creditors	40,000	1,00,000	Debtors	30,000	1,00,000
Bills Payable	20,000	40,000	Cash at Bank	50,000	1,50,000
Provision for Tax	30,000	40,000	Cash in hand	25,000	45,000
	2,50,000	8,70,000		2,50,000	8,70,000

- a) During 2006, the business of a sole trader was purchased by issuing shares for ₹ 2,00,000. The assets acquired from him were :Goodwill ₹ 20,000, Machinery ₹ 1,00,000, Stock ₹ 50,000 and Debtors ₹ 30,000.
- b) Provision for tax charged in 2006 was ₹ 35,000.
- c) The debentures were issued at a premium of 5% which is included in the retained earnings.
- d) Depreciation charged on machinery was ₹ 30,000
