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**Avinashilingam Institute for Home Science and Higher Education for Women**

(Deemed to be University Estd. u/s 3 of UGC Act 1956, Category 'A' by MHRD)  
Re-accredited with 'A++' Grade by NAAC. Recognised by UGC Under Section 12B  
Coimbatore - 641 043, Tamil Nadu, India

**Continuous Internal Assessment Test II, October- 2024**

**SEMESTER V**

**21BCOC17/21BCPC17 – CORPORATE ACCOUNTING II**

**Class : III UG**

**Major: B.Com PA & B. Com**

**Time: 2 hours**

**Maximum Marks: 60**

**Course Outcomes:**

1. Compute the final accounts for a corporate group like banking companies and insurance companies
2. Apply the knowledge gained in preparation of consolidated balance sheet of holding companies
3. Able to calculate the basis of charge of room rates and preparation of final accounts of hotels
4. Ability to adopt methods of valuation of human resources
5. Apply the various approaches in inflation accounting.

**Part - A**

**Choose the correct answer**

**6 x 1 = 6**

1. The excess price paid by a holding company to acquire controlling interest in the subsidiary company is transferred to  
a) Capital reserve      b) Goodwill account      c) Revenue Reserve      d) Profit  
CO3 K1
2. A company in which more than 50% of share are held by another company is termed as:  
a) Holding company      b) Subsidiary Company      c) Govt. Company      d) Private Company  
CO3 K2
3. Measurement of the value of human resources is based on the :  
a) Stock concept in accounting      b) Future profit concept      c) Ownership concept of an asset      d) Profit concept  
CO4 K2
4. The prominent among the value based models is the  
a) Flamholtz model      b) Lev and schwarz model      c) Lee and Rosenbloom Model      d) Rensis Likerts Model  
CO4 K2
5. Net loss is \_\_\_\_\_ of the business  
a) Liability      b) Expenses      c) Assets      d) Ex ordinary loss  
CO5 K1
6. Expenses which have been paid in advance are called  
a) prepaid expenses      b) post paid Expenses      c) outstanding expenses      d) advanced Expenses  
CO5 K2

**Part- B**

**3 x 6=18**

**Answer all the questions**

**Each answer should not exceed 400 words or two pages**

7. (a) H Ltd purchased 75% of shares in S Ltd. on 1-7-2001. On 31-12-2001 the Balance sheet of S Ltd. showed Reserve fund balance on 1-01-2001. Rs. 40,000, profit earned during 2001 Rs. 60,000 and Preliminary expenses unwritten off Rs. 20,000. Calculate Capital profits and Revenue profits.  
CO3 K2

(Or)

7. (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.  
CO3 K3

8. (a) Arvind occupies a room in a hotel at 9.00 A.M. on 15<sup>th</sup> April, 2021 on European Plan @ 960 for every night spent plus 10 % service charges. Calculate the amount payable by him in each one of the following circumstances:  
CO4 K2

- i) if he checks out at 6.00 P.M. on 16<sup>th</sup> April, 2021;
- ii) if he checks out at 7.00 A.M. on 17<sup>th</sup> April, 2021;
- iii) if he checks out at 5.00 P.M. on 17<sup>th</sup> April, 2021;
- iv) if he checks out at 8.00 A.M. on 18<sup>th</sup> April, 2021;

(Or)

8. (b) i) In Aaram Hotel, there are 200 lettable rooms out of which there are 70 single bed rooms and 130 double bed rooms. On 26<sup>th</sup> December, 2020, 63 single bed rooms and 109 double bed rooms were occupied by the guests. You are required to calculate the bed occupancy rate for the day.

ii) The check out time of a hotel is 11.00 A.M. On 4<sup>th</sup> July, 2020, the visitors ledger of the hotel shows that immediately after 11.00 A.M. there are 93 rooms in which guests are staying. Till 11.00 A.M. on 5<sup>th</sup> July, 2020 guests from 23 rooms check out while in 27 rooms new guests check in. Calculate the occupancy rate of rooms for 5<sup>th</sup> July, 2020. CO4 K3

9. (a) State the advantages of Inflation Accounting? CO5 K2

(Or)

9.(b) What are the advantages of Human Resource Accounting? CO5 K1

**Part C**

**3 x 12 = 36**

**Answer ALL the questions**

**Answer should not exceed 800 words or four pages**

10. (a) Following are the Balance Sheets of H Ltd. and its subsidiary S Ltd. as at 31<sup>st</sup> March 2021:

	H Ltd ₹	S Ltd. ₹
<b>I. Equity and Liabilities</b>		
(1) Shareholders' Funds		
(a) Share Capital:		
Fully Paid Equity Shares of ₹ 10 each	6,00,000	2,00,000
(b) Reserves and Surplus:		
General Reserve	3,40,000	80,000
Surplus Account	1,00,000	60,000
(1) Current Liabilities		
Creditors	70,000	35,000
<b>Total Equity and Liabilities</b>	<b>11,10,000</b>	<b>3,75,000</b>
<b>II. Assets</b>		
(1) Non-current Assets		
(a) Fixed Assets:		
Machinery	3,90,000	1,35,000
Furniture	80,000	40,000
(b) Investment:		
80% Shares in S Ltd. At Cost	3,40,000	-
(2) Current Assets		
Stock	1,80,000	1,20,000
Debtors	50,000	30,000
Cash at Bank	70,000	50,000
<b>Total Assets</b>	<b>11,10,000</b>	<b>3,75,000</b>

Following additional information is provided to you:

- i) Surplus Account of S Ltd. stood at ₹30,000 on 1<sup>st</sup> April 2020 whereas General Reserve has remained unchanged since that date.
- ii) H Ltd acquired 80% shares in S Ltd. On 1<sup>st</sup> October, 2020 for ₹3,40,000 as mentioned above.
- iii) Included in Debtors of S Ltd. is a sum of ₹ 10,000 due from H Ltd. for goods sold at a profit of 25 % on cost price. Till 31<sup>st</sup> March, 2021 only one half of the goods had been sold while the remaining goods were lying in the godowns of H Ltd. as on that date.

You are required to prepare a Consolidated Balance Sheet as at 31<sup>st</sup> March, 2021. Show all calculations clearly. CO3 K3

(Or)

10. (b) From the following Balance Sheet relating to H Ltd. and S Ltd. prepare a consolidated Balance Sheet.

Balance Sheet as on 31.12.1992

Liabilities	H Ltd. ₹	S Ltd. ₹	Assets	H Ltd. ₹	S Ltd. ₹
Share Capital (Shares of Rs. 10 each)	10,00,000	2,00,000	Sundry Fixed Assets	8,00,000	1,20,000
Profit & Loss 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 shares)	1,50,000	-
	17,00,000	5,30,000		17,00,000	5,30,000

- (a) All profits of 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.  
 (b) All the bills payable of S Ltd. were accepted in favour of H Ltd.  
 (c) The stock of H Ltd. includes Rs. 50,000 purchased from S Ltd. The profit added was 25% on cost.

CO3 K2

11.(a) Following are the balances obtained from the ledger of Hotel Nanjundewsar on 31<sup>st</sup> March, 2021:

Particulars	₹	Particulars	₹
Capital	1,50,000	Purchases:	
Freehold Premises	1,00,000	Provisions and Stores	10,000
China Glass and Plates	10,000	Liquors	15,000
Furniture & Fixtures	25,000	Cigarettes	1,000
Drawings	2,500	Coal	5,000
Wages and Salaries	40,000	Sales:	
Rates and Insurance	12,500	- Food Items	40,000
Laundry Charges	4,000	- Beverages	10,000
Linen Bedding	10,000	- Liquors	25,000
Electricity Light	6,500	- Cigarettes	1,500
General Expenses	6,000	- Rent from Rooms	1,00,000
Visitors' Account	5,000	Repairs and Renewals of Premises	10,000
Sundry Creditors	7,500	Depreciation:	
Stock on 1-4-2020:		- On Premises	10,000
- Liquors	20,000	- On Furniture	2,500
- Cigarettes	500	- Glass & Plates	1,000
- Provision & Stores	4,000	- Linen & Beddings	1,500
- Coal	1,000	Cash in hand	5,000
Cash at Bank	26,000		

Adjustments:

1) Stock on 31-3-2021:

Provisions and Stores ₹ 5,000; Liquors ₹ 7,500; Cigarettes ₹ 250; Coal ₹ 1,500.

2) A sum of ₹ 5,000 representing accommodation and ₹ 4,000 representing meals is to be charged to the proprietor.

3) Insurance paid in advance ₹ 500

4) Outstanding Salaries ₹ 2,500.

From the above; Prepare Final accounts of the Hotel for the year ended 31<sup>st</sup> March, 2021.

(Or)

11.(b) Following is the Trial Balance of Hoysala Hotel Ltd. as on 31-12-2020. Prepare Statement of Profit and Loss and Balance Sheet.

Particulars	Dr. ₹	Cr. ₹
Authorised Capital: 10,000, 5% preference shares of ₹ 10 each; 15,000 equity shares of ₹ 10 each		
Paid up Capital:		
8,500, 5% Preference shares	-	85,000
14,000 Equity shares	-	1,40,000
Purchases:		
Liquors	60,000	-
Provisions	50,000	-
Sales		
Food	-	70,000
Liquors	-	80,000
Apartment rents	-	82,000
Miscellaneous income	-	10,300
4 % Mortgage debentures	-	2,00,000
Buildings	3,50,000	-
Furniture & Fittings	57,000	-
Investments	52,000	-
Goodwill at cost	1,10,000	-
Reserve Fund	-	75,000
Profit & Loss A/c 1-1-2020	-	15,000
Creditors	-	50,000
Debenture interest	7,500	-
Wages & Salaries	52,000	-
Hotel Expenses	7,000	-
General Administrative expenses	29,500	-
Repairs	2,175	-
Interim dividend for preference shares (1/2 year)	2,125	-
Stock 1-1-2020:		
Liquors	22,000	
Provisions	3,200	
Cash	1,300	
Book debts	1,500	
	8,07,300	8,07,300

Adjustments:

- 1) Closing Stock of Liquors ₹ 25,000 and provisions 15,000
- 2) Depreciated furniture by 5%.
- 3) Wages unpaid ₹ 15,000.
- 4) Provide for balance of Debenture Interest and preference dividend.
- 5) Declare 10% dividend for equities.

CO4 K3

12.(a) Discuss briefly the important approaches to the valuation of Human Resource Accounting. CO5 K2  
(Or)

12.(b) Explain the four approaches to price level accounting.

CO5 K3

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