

D 51488

(Pages : 4)

Name.....

Reg. No.....

**THIRD SEMESTER (CUCBCSS—UG) DEGREE EXAMINATION
NOVEMBER 2023**

B.Com.

BCM 3B 04—CORPORATE ACCOUNTING

(2018 Admissions)

Time : Three Hours

Maximum : 80 Marks

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

I. Choose the correct answer :

- 1 Under Ind AS 1, which of the following must be disclosed on the statement of financial position ?
 - a) Property, plant and equipment.
 - b) Biological assets.
 - c) Provisions.
 - d) All of the above.
- 2 Which of the following is not a source of redemption of debentures ?
 - a) Redemption out of capital.
 - b) Redemption out of borrowing from financial institutions.
 - c) Redemption out of profit.
 - d) Redemption by conversion.
- 3 The classification of a lease is normally carried out :
 - a) At the end of the lease term.
 - b) After a cooling off period of one year.
 - c) At the inception of the lease.
 - d) When the entity deems it to be necessary.

Turn over

- 4 When the amount paid for the purchase of controlling shares is more than its proportionate share of net assets acquired, the difference is accounted as :
- a) Non controlling interest. b) Goodwill.
c) Bargain purchase. d) None of these.
- 5 When preference shares are redeemed it amounts to :
- a) Increasing share capital. b) Decreasing share capital.
c) Both a) and b). d) None of these.

II. Fill in the blanks :

- 6 The profit and loss account under double account system is termed as _____.
- 7 Under Ind AS 103 assets and liabilities are recorded at _____.
- 8 Capital redemption reserve is created to _____.
- 9 Ind AS 28 deals with _____.
- 10 The price at which a good or service would be sold separately to a customer is _____.

(10 × 1 = 10 marks)

Part II

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

- 11 Explain share-based payment.
- 12 What is ESCROW account ?
- 13 What is capitalisation of reserve ?
- 14 Explain the objectives of Ind AS 10.
- 15 Define Provisions.
- 16 Explain the Objectives of Ind AS 103 ?
- 17 Give journal entries for redemption of debentures at premium.
- 18 What is bonus share ?
- 19 Write a note on IFRS 3.
- 20 Explain contingency reserve in case of electricity companies.

(8 × 2 = 16 marks)

Part III

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

- 21 How will you compute reasonable return under the Electricity Supply Act 1948.
- 22 Explain different sources of redemption of debentures
- 23 Write a note on the advantages and disadvantages of setting of accounting standards.
- 24 Explain the conditions for buy back of shares.
- 25 A company entered into an agreement to sell its immovable property to another company for Rs. 35 lakhs. The property was shown in the balance sheet at Rs. 7 lakhs. The agreement to sell was concluded on 15th February 2020 and the sale deed was registered on 30th April 2020. The financial statements for the year 2019-20 were approved by the board on 12th May 2020.

You are required to state how this transaction should be dealt within the financial statements for the year ended 31st March 2020.

- 26 Information taken from the books of Queue Ltd as on 31-03-2020 is as follows :

1	Authorised share capital - 1,50,000 equ.shares of Rs. 10 each	15,00,000	Sundry assets	17,00,000
2	Paid up capital - 80,000 shares of Rs. 10 each, Rs. 7.50 paid up	6,00,000		
Reserves				
3	Capital redemption reserve	1,50,000		
4	Plant revaluation reserve	20,000		
5	Securities premium account	1,50,000		
6	Development rebate reserve	2,30,000		
7	Investment allowance reserve	2,50,000		
8	General reserve	3,00,000		
		17,00,000		17,00,000

Turn over

The company wanted to issue bonus shares at the rate of one share for every two shares held. Necessary resolutions were made. You are required to :

- 1 Give journal entries ; and
 - 2 Show the amended balance sheet.
- 27 Explain consolidation procedure in IFRS 10.
- 28 Explain the objectives of IFRS 2.

(6 × 4 = 24 marks)

Part IV

Answer any two questions.

Each question carries 15 marks.

- 29 Wax Ltd had 12 percent Rs. 10,00,000 debentures outstanding in its books as on 1-4-2019. It also had Rs. 400,000 balance in sinking fund a/c represented by 8 percent investment [face value Rs. 5,00,000]

On 31-12-2019 it sold investment of face value of Rs 1,00,000 at Rs 90 and purchased own debentures of face value of Rs. 1,00,000 for cancellation out of proceeds of investments.

The interest date of both the debentures and investments are 30th Sep and 31st March Show ledger accounts for the year ending 31-3-2020.

- 30 The Red Carpet Electricity Co. ltd decided to replace its old plant with a new one. The plant was installed in 1940, cost the company Rs. 24 lakhs, the component of material, labour and overhead in the ratio of 5 ; 3 ; 2.

It is ascertained that the cost of materials and labour have gone up by 40 percent and 80 percent respectively. The proportion of overhead to total costs is expected to remain the same as before.

The costs of new plant as per improved design is Rs. 60 lakhs and in addition, materials recovered from the old plant of a value of Rs. 240,000 has been used in the construction of this new plant. The old plant was scrapped and sold for Rs. 750,000 Accounts of the company are maintained under double account system, indicate how much would be capitalised and the amount that would be charged to revenue.

Give journal entries and prepare necessary journal entries.

- 31 How does IFRS 13 measure fair value ? Explain.

(2 × 15 = 30 marks)

D 31529

(Pages : 4)

Name.....

Reg. No.....

**THIRD SEMESTER (CUCBCSS—UG) DEGREE EXAMINATION
NOVEMBER 2022**

B.Com.

BCM 3B 04—CORPORATE ACCOUNTING

(2017—2018 Admissions)

Time : Three Hours

Maximum : 80 Marks

Part I

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

I. Choose the correct answer :

- 1 An entity must measure its property, plant and equipment after initial recognition at :
 - a) Cost.
 - b) Cost less accumulated depreciation and impairment losses if any.
 - c) Cost less accumulated depreciation and impairment losses if any including cost of day to day servicing.
 - d) None of these.
- 2 An investment property should be measured initially at :
 - a) Cost.
 - b) Cost less accumulated impairment losses.
 - c) Depreciable cost less accumulated impairment losses.
 - d) Fair value less accumulated impairment loss.
- 3 Ind AS 28 deals with :
 - a) Investment in subsidiary.
 - b) Investment in parent company.
 - c) Separate financial statement.
 - d) Investment in associate and joint ventures.
- 4 Which of the following is not a source of redemption of debentures ?
 - a) Redemption out of capital.
 - b) Redemption out of borrowing from financial institutions.
 - c) Redemption out of profit.
 - d) Redemption by conversion.

Turn over

5. Cash receipts from customers for the sale of goods are cash flows from :
- Operating activities.
 - Investing activities.
 - Operating or financing activities.
 - Financing activities.

II. Fill in the blanks :

- 6 Under double account system shares forfeited account is shown in _____.
- 7 The accounting concept that is principally used to classify leases into operating and finance is _____.
- 8 Adjustment of the carrying amount of an asset or liability or the consumption of an asset is defined as _____.
- 9 The method of accounting for business combination is _____.
- 10 As per Ind AS 115, a promise to transfer to the customer either good(s) or service(s) known as _____.

(10 × 1 = 10 marks)

Part II

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

- 11 What is Double Account system ?
- 12 What are the objectives of IFRS ?
- 13 What is bonus issue ?
- 14 What are non-redeemable debentures ?
- 15 Explain the recognition principle of AS 103.
- 16 What is Active market ?
- 17 Explain Ind AS 11.
- 18 What are government grants ?
- 19 Explain IFRS 13.
- 20 What is intrinsic value of shares ?

(8 × 2 = 16 marks)

Part III

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

- 21 While preparing its financial statements for the year ended 31-3-2020, a company made a provision for bad debts at 4 percent of its total debtors as per trend follows in the previous years. In the first week of March 2020 a debtor for Rs. 3,00,000 has suffered heavy loss due to an earthquake, the loss was not recovered by any insurance policy. In April 2020, the debtor becomes bankrupt. Can the company provide for the full loss arising out of the insolvency of the debtor in the final accounts for the year ended 31-03-2020 ?
- 22 Differentiate between bonus shares and right shares.
- 23 How buy-back of shares can be made ?
- 24 Explain the scope of IFRS 3.
- 25 Explain consolidation procedure in IFRS 10.
- 26 X Ltd. decided to buyback 5 % of 50 crores paid up equity capital. The face value one equity share is Rs. 5 but the market price per share is Rs. 7.50. X Ltd. takes the following steps for buy-back of shares :
- 1 To issue 7 % debentures of Rs. 50 each at par for face value of Rs. 50 crores.
 - 2 To utilise general reserve.
 - 3 To sell investment of Rs. 3.5 crores for Rs. 4 crores.
 - 4 To immediately cancel the shares bought back Journalise the transactions.
- 27 What is redemption by conversion? Give journal entries for it.
- 28 Explain Fair Value hierarchy.

(6 × 4 = 24 marks)

Part IV

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

29. Explain impairment of assets as per AS 28.

Turn over

30. From the following data of X Ltd and Y Ltd as on 31-03-2020, calculate
- Net amount due to non-controlling interest.
 - Cost of control.

I. Equity and Liabilities :	X Ltd.	Y Ltd.
a. Share capital [Rs. 100 each] ...	15,00,000	5,00,000
b. Reserves and surplus :		
i. General reserve ...	1,50,000	1,00,000
ii. Surplus a/c ...	2,00,000	75,000
II. Current Liabilities :	1,87,500	1,20,000
Total	<u>20,37,500</u>	<u>7,95,000</u>
Assets :		
a. Sundry assets ...	14,77,500	7,95,000
b. Investments ...	5,60,000	
4000 shares of Rs. 100 each		
Total	<u>20,37,500</u>	<u>7,95,000</u>

The assets of Y Ltd. included equipments worth Rs. 1,50,000 which was revalued at Rs 1,25,000. The investment of X Ltd. were in shares of Y Ltd. and were acquired on 31-3-2020.

- 31 Wind mill Ltd supplying electricity maintains its account on double account basis it incurred an expenditure of Rs. 25,00,000 to renovate its work. The relevant part of the old work had a cost of Rs. 10,00,000. The capacity of new work will be double the capacity of old work. A sum of Rs 5,00,000 is realised by the sale of old materials. Old materials of the value of Rs. 2,00,000 are used in the new works. Cost of escalation is as follows :
- Material 20 percent ;
 - Labour 25 percent ;
 - Cost constitutes $\frac{3}{5}$ th for materials and $\frac{2}{5}$ th for labour.

Calculate :

- The amount of improvement to be capitalised.
- The amount to be written off to revenue.
- Journal entries to record the transactions.

(2 × 15 = 30 marks)

D 11767

(Pages : 4)

Name.....

Reg. No.....

**THIRD SEMESTER (CUCBCSS—UG) DEGREE EXAMINATION
NOVEMBER 2021**

B.Com.

BCM 3B 04—CORPORATE ACCOUNTING

(2017—2018 Admissions)

Time : Three Hours

Maximum : 80 Marks

Choose the correct answer :

1. IAS ——— applies to all leases other than lease agreements for minerals, oil, natural gas, and similar regenerative resources and licensing agreements for films, videos, plays, manuscripts, patents, copyrights, and similar items :
 - (a) 27.
 - (b) 34.
 - (c) 17.
 - (d) 24.
2. ——— loans are loans which the lender undertakes to waive repayment under certain prescribed condition.
 - (a) Long term.
 - (b) Forgivable.
 - (c) Irrevocable.
 - (d) Non-redeemable.
3. Finance lease is also called ———.
 - (a) Short term lease.
 - (b) Ownership lease.
 - (c) Capital lease.
 - (d) Sale and lease back.
4. A ——— is a transaction in which the entity receives goods or services either as consideration for its equity instruments or by incurring liabilities for amounts based on the price of the entity's shares or other equity instruments of the entity :
 - (a) Share-based payment.
 - (b) Market - price payment.
 - (c) Assessable price payment.
 - (d) Nominal value payment.
5. ——— 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) Deferred shares.
 - (b) Risk shares.
 - (c) Founders' shares.
 - (d) Bonus shares.

Turn over

Fill in the blanks :

- 6 The agreement made between the debenture holders and the company is called _____.
- 7 Preference shares cannot be redeemed unless they are _____.
- 8 When debentures are redeemed out of profits, an equal amount is transferred to _____ account.
- 9 Buy-back of equity shares is a process of capital _____.
- 10 Divisible profit means that which would otherwise be available for _____.

(10 × 1 = 10 marks)

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

- 11 Define the term inventories.
- 12 What do you mean by net realisable value of inventory ?
- 13 How will you compute the depreciation on revalued assets ?
- 14 State the treatment of revaluation decrease.
- 15 The residual value of an intangible asset with a finite useful life shall be assumed to be zero. State the exceptions.
- 16 What will be the treatment of internally generated goodwill ?
- 17 State the objective of IAS 23 ?
- 18 What do you mean by Owner-occupied property ?
- 19 Define leasing.
- 20 Define stock-split.

(8 × 2 = 16 marks)

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

- 21 X Ltd, decided to make a right issue to existing shareholders in proportion of 3 shares for every 4 held. Issue price per share is Rs. 150 and Market Price at the time of right issue is Rs. 200. Calculate the Value of Right.
- 22 A Ltd has issued 15,000 debentures of f 100 each payable full on application on 1-10-2016. Applications were received for 12,000 debentures. The terms of redemption provide that one-third of the debentures are redeemable every six months. Write necessary journal entries.
- 23 Discuss how an asset is recognised and measured under Ind AS 16.

- 24 A Ltd. had issued 2,000, 10 % debentures of Rs. 100 each at a discount of 10 %. These debentures were given the option to convert their debentures into equity shares of Rs. 100 each. The holders of 400 debentures out of the above exercised the option. Write journal entry for conversion if :
- New equity shares are issued at par ;
 - New equity shares are issued at 20 % premium ; and
 - New equity shares are issued at 10 % discount.
- 25 Define Double Account System and mention its features.
- 26 An Electric supply Company rebuilds its Mains at the cost of Rs. 19,90,000. This includes value of Rs. 13,800 materials of old Mains used for new one. The original mains were constructed at a cost of Rs. 9,90,000. The ratio of material and labour therein was 7 : 3. The increase in material prices is 12.5 % and wage rates 15%. Materials worth Rs. 25,200 from old works was sold. Show necessary Journal entries under Double Account System for the above and determine the net cost of replacement.
- 27 RS Ltd. purchased 75 % shares of B Ltd. The share capital of B ltd consists of shares of 40,000 shares of 10 each. The consideration paid Rs. 2,70,000. The identifiable net assets and liabilities of B Ltd. Are amounted to Rs. 5,00,000 and Rs. 1,00,000 respectively. Calculate goodwill/gain from bargain purchase.
- 28 Define the terms: Accounting policies, A change in accounting estimate, Prior period errors and Retrospective application.

(6 × 4 = 24 marks)

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

29. Explain the methods of redemption of debentures in detail.
- 30 Prepare cash flow statement from the following Balance Sheets of Vysali Pharmaseuticals Ltd.
For the year ending 31st March 2018 :

Balance Sheet

<i>Liabilities</i>	1.4.2017 Rs.	31.3.2018 Rs.	<i>Assets</i>	1.4.2017 Rs.	31.3.2018 Rs.
Share capital	17,00,000	18,50,000	Buildings	8,00,000	10,00,000
Reserves	40,000	83,700	Plant and Machinery	2,50,000	3,70,000
Profit and Loss Account	1,00,000	1,30,000	Furniture	5,000	6,000
Proposed dividend	70,000	50,000	Cash	2,000	2,200

Turn over

<i>Liabilities</i>	1.4.2017 Rs.	31.3.2018 Rs.	<i>Assets</i>	1.4.2017 Rs.	31.3.2018 Rs.
Creditors	1,00,000	95,000	Debtors	1,00,000	45,000
Bank overdraft	8,000	18,000	Bills Receivable	8,000	9,000
Bills payable	14,000	70,000	Stock	4,00,000	3,43,700
Loan on mortgage	10,000	70,000	Prepaid expenses	3,000	3,100
			Investments	1,64,000	1,70,000
			Goodwill	3,00,000	3,43,700
			Preliminary expenses	10,000	2,000
	<u>20,42,000</u>	<u>22,94,700</u>		<u>20,42,000</u>	<u>22,94,700</u>

Additional Information :

- Depreciation is charged on building at 3 % of cost Rs. 9,00,000, on plant and machinery at 8 % of cost Rs. 4,00,000 and on furniture at 5 % of cost Rs. 8,000.
- Investments were purchased and interest received Rs. 3,000 was used in writing down the book value of investments.
- The declared dividend for 2016-17 was paid and an interim dividend of Rs. 20,000 also paid out of the Profit and Loss Account.
- Income tax paid during the year 2017-18 amounted to Rs. 40,000.

31. Following are the summarised Balance Sheets of Two companies H Ltd. and S Ltd. as at 31st December, 2018 :

	H Ltd. Rs.	S Ltd. Rs.		H Ltd. Rs.	S Ltd. Rs.
Share capital (shares of Rs. 10 each fully paid)	20,00,000	8,00,000	Sundry Assets 48,000 shares in S Ltd.	26,78,000 6,72,000	13,70,000 —
Reserves	3,00,000	2,00,000			
Profit and Loss Account	4,00,000	1,00,000			
Creditors	6,50,000	2,70,000			
	<u>33,50,000</u>	<u>13,70,000</u>		<u>33,50,000</u>	<u>13,70,000</u>

H Ltd. purchased 64,000 shares in S Ltd. at Rs. 14 per share when reserves of the latter stood at the present figure of Rs. 2,00,000. H Ltd. sold 16,000 shares of S Ltd. on 30th September 2018 at Rs. 16 per share and profit on sale has been credited to capital reserve taking it as capital profit. Prepare the consolidated Balance Sheet of the two companies.

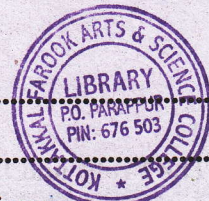
(2 × 15 = 30 marks)

D 91630

(Pages : 6)

Name.....

Reg. No.....



**THIRD SEMESTER (CUCBCSS—UG) DEGREE EXAMINATION
NOVEMBER 2020**

B.Com.

BCM 3B 04—CORPORATE ACCOUNTING

(2016 Admissions)

Time : Three Hours

Maximum : 80 Marks

Part A

Answer all questions.

Each question carries 1 mark.

- 1) Section 17 of Banking Regulation Act deals with _____.
- 2) The purpose of preparing the valuation balance sheet is to ascertain the _____ made by the insurance company.
- 3) Policy maturing only on death of the insured is termed as _____.
- 4) EPS stands for _____.
- 5) The way of presenting balance sheet in two parts is called _____.
- 6) Banks show provision for income tax under the head :
 - a) Contingency accounts.
 - b) Contingent liability.
 - c) Other liabilities and provision.
 - d) Borrowings.
- 7) Right issue is also called _____.
 - a) Stock shares.
 - b) Pre-emptive right.
 - c) Capital shares.
 - d) Risk shares.
- 8) Rebate on bill discounted is _____.
 - a) An item of expense.
 - b) An asset.
 - c) Income received in advance.
 - d) Income outstanding.
- 9) When the insurance company finds the risk as heavy, part of risk is insured with another insurance company. It is termed as :
 - a) Double insurance.
 - b) Reinsurance.
 - c) Surrender value.
 - d) Bonus.

Turn over

- 10) The Profit and Loss account under Double Account System is termed as _____.
- a) Revenue account. b) Capital account.
c) Income and expenditure account. d) Valuation balance sheet.

(10 × 1 = 10 marks)

Part B (Short Answer Questions)

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

- 11) What is causa proxima ?
12) What is redemption by conversion ?
13) What is purchase consideration ?
14) What is clear profit ?
15) What is double accounting ?
16) What is forfeiture of shares ?
17) What is buy-back of shares ?
18) What is redemption by conversion ?
19) What is surrender of shares ?
20) What are non-banking assets ?

(8 × 2 = 16 marks)

Part C (Short Essay Questions)

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

- 21) From the following information, compute provision to be made in the Profit and Loss account of Parvathy Bank Limited :

Assets	In Lakhs
Standard assets	30,000
Sub-standard	20,000
Doubtful	
For one year (secured)	8,000
Two to three years (secured)	2,500
More than 3 years	2,000
Loss assets	1,700

- 22) The life fund of life assurance company was 86,48,000. The interim bonus paid during the period was 1,48,000. The net liability as determined by actuary was 74,25,000. Surplus brought forward from previous valuation was 8,50,000. The directors of the company proposed to carry forward 9,31,000 and divide balance between shareholders and policyholders in the ratio of 1:10. Calculate amount payable to policyholders .
- 23) An electricity company has a profit after tax (clear profit) 10,20,000. Other relevant particulars are :

Capital base	62,00,000
Loan from electricity board	60,00,000
Development reserve	20,00,000
12% debentures	80,00,000
Income from reserve fund investment	2,00,000
Bank rate	8%

Prepare a statement showing disposal of profit.

- 24) ABC Ltd. issued for public subscription 40,000 equity shares of Rs. 10 each at a premium of Rs. 2 per share payable as follows On Application Rs. 2, On allotment Rs. 5 (including premium) On first call Rs. 2 and On final call Rs. 3. Applications were received for 60,000 shares Allotment was made pro-rata to the applicants of 48,000 shares, the remaining applications were rejected. Money over paid on application was utilized towards sum due on allotment, Ram, the holder of 1600 shares failed to pay the allotment money and call money and Shyam to whom 2000 shares allotted failed to pay the two calls. These shares were subsequently forfeited after the second call. Out of the forfeited shares 3000 shares were reissued at Rs. 8 per share, the whole of Rams's share being included.

Pass entries in forfeiture and reissue.

- 25) Distinguish standard assets, sub-standard asset and loss assets in banking business ?
- 26) Explain briefly the principles of insurance.
- 27) Narrate the advantages and disadvantages of slips system of posting.
- 28) State the advantages and disadvantages of buy-back.

(6 × 4 = 24 marks)

Turn over

Part D (Essay Questions)*Answer any two questions.**Each question carries 15 marks.*

29. The balance sheet of A Ltd and B Ltd as on 31 March 2016 was as follows :

Liabilities	A Ltd	B Ltd	Assets	A Ltd	B Ltd
Share capital			Plant and Machinery	8,00,000	8,00,000
Preference share Capital(10 each)		3,00,000	Profit and Loss account		1,40,000
Equity share capital	40,00,000	5,00,000	Fixed assets	30,50,000	25,00,000
Debentures		2,00,000	Stock	65,000	60,000
Contingency reserve	50,000		Bank	65,000	40,000
Profit and loss account	5,00,000		Debtors	95,000	50,000
Creditors	75,000	90,000			
	10,25,000	10,90,000		10,25,000	10,90,000

A new company C Ltd was formed to take over all the assets and liabilities of A Ltd and B Ltd.

1. In case of A Ltd all assets and liabilities are taken over at book value for shares in C Ltd at the rate of 5 shares in C Ltd at a premium of 10% for every four shares in A Ltd.
2. In case of B Ltd, the holders of 6% preference shareholders will be issued 7% preference shares of C Ltd for every 5 preference shares in B Ltd.
3. The equity shareholders of B Ltd will be issued sufficient number of equity shares in C Ltd after adjusting assets value by reducing 10 % for plant and machinery and 5% for sundry debtors.

Pass Journal Entries and prepare opening balance sheet.

30. From the following particulars, prepare the final accounts of Jaya Bank Ltd for the year ended 31st March 2011 : —

Share capital	15,00,000
Reserve Fund	10,00,000
Fixed deposit	20,00,000
Savings bank deposit	30,00,000
Current accounts	70,00,000
Borrowed from the bank	2,00,000
Investments	30,00,000
Premises	12,00,000
Cash in hand	60,000
Cash at bank	28,00,000
Money at call and short notice	3,00,000
Interest accrued and paid	2,00,000
Salaries	80,000
Rent	30,000
Profit and Loss Account (01.04.2010)	1,60,000
Interest earned	4,50,000
Bills discounted	5,00,000
Bills payable	8,00,000
Loans, advances, overdraft and credits	70,00,000
Unclaimed dividends	30,000
Sundry creditors	30,000

The bank had the bills for Rs. 14,00,000 as collection for its constituents and also acceptance and endorsements for them amounting to Rs. 4,00,000.

Turn over

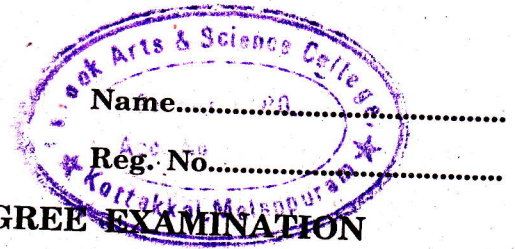
31. From the following trial balance of Guarantee Life Insurance Co. Ltd prepare Revenue Account and Balance Sheet as at 31st March 2011 (figures in 000s) :

Claims paid and outstanding	1,15,200	
Surrenders	3,300	X
Reversionary bonus paid and outstanding	12,300	
Establishment charges	23,500	
Commission to agents	48,500	
Medical fees	10,100	
Directors and auditors fees	24,000	
Stationery and printing	4,800	
Postage and telegram	1,050	
Office rent	4,200	
Sundry expenses	800	
Bank charges and commission	950	
Investments	40,47,400	
Loans and policies	1,74,700	
Outstanding interest	69,800	
Outstanding premiums	23,200	
Cash at bank	29,600	
Fine and fees received		300
Interest and dividend received		2,25,300
Premiums received and outstanding		3,30,800
Premiums received in advance		9,000
Claims admitted but not paid		2,10,000
Claims intimated but not admitted		20,000
Sundry creditors		18,000
Life fund in the beginning of the year		37,80,000
	45,93,400	45,93,400

(2 × 15 = 30 marks)

D 91631

(Pages : 4)



THIRD SEMESTER (CUCBCSS—UG) DEGREE EXAMINATION
NOVEMBER 2020

B.Com.

BCM 3B 04—CORPORATE ACCOUNTING

(2017 Admissions)

Time : Three Hours

Maximum : 80 Marks

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

Choose the Correct Answer :

1. Accounting for Impairment of assets is dealt in AS :
(a) 16. (b) 36.
(c) 23. (d) 19.
2. Approval of shareholders is needed for buy-back up to _____ of the total paid-up equity capital and free reserves of the company.
(a) 10%. (b) 25%.
(c) 35%. (d) 5%.
3. The advantage of right issue is that :
(a) Control retained. (b) Capitalizes reserves.
(c) Par value of shares increases. (d) No change in number of shares outstanding.
4. As per AS 7, Purchase or Sale of an asset is classified :
(a) Operating Activities. (b) Investing Activities.
(c) Financing Activities. (d) None.
5. Indian AS 36 deals with :
(a) Impairment of assets. (b) Share based payment.
(c) Leases. (d) Continent Assets.

Fill in the Blanks :

6. The amount by which the carrying amount of an asset exceeds its recoverable amount is known as _____.
7. The amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction is called _____.

Turn over

8. A possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity is known as _____.
9. In Redemption of Debentures using Insurance policy method, after paying amount due to the debenture holders, balance of Debenture Redemption Fund A/C is transferred to _____.
10. To alter capital of the company, it should give notice to Registrar of Companies within _____ days.

(10 × 1 = 10 marks)

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

11. What are Inventories, as per Indian AS2 ?
12. What are contingent assets, as per Indian AS 37 ?
13. What are lease agreements ?
14. What is the objective of Indian AS 8 ?
15. What is meant by 'Event After reporting date, as per AS 10 ?
16. How AS 7 Classify activities of a business ?
17. What are the disadvantages of holding companies ?
18. Why Companies may buy-back their shares ?
19. What are Employee Benefits as per Indian AS19 ?
20. What are Right Shares ?

(8 × 2 = 16 marks)

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

21. Write a note on Accounting standard for Intangible Assets.
22. A Ltd. decided to redeem its preference shares as on March 31, 1996, on which date its position is as under :

Share Capital :	Rs.
12% Redeemable Pref. shares of Rs. 100 each fully paid up	30 Lakhs
Equity Shares Rs.100 each fully paid up	170 Lakhs
Securities Premium	17 Lakhs
General Reserve	25 Lakhs
Other Liabilities	58 Lakhs

The Board of Directors decided to redeem the preference shares both by issue of fresh capital and by utilization of reserves but without any further borrowings. Pass Journal Entries.

23. What are the features of consolidated financial statements ?
24. How to find out cash flow from operating activities, using Indirect Method, under India AS 7 ?
25. Madhu and has Midhun Ltd. has Rs. 11,20,000 in Equity share capital consisting of 80,000 shares of Rs. 10 each fully paid and 40,000 shares of Rs. 10 each, of which Rs. 8 per share paid up. It has Rs. 40,000 in capital reserve, Rs. 40,000 in Securities Premium A/c, Rs. 1,40,000 in Capital Redemption Reserve A/c and Rs. 3,00,000 in General Reserve.

By way of bonus dividend, the partly paid up shares are also allotted fully paid up bonus shares in the same ratio. Securities Premium A/C includes a premium of Rs. 50,000 for shares issued to vendors pursuant of a scheme of absorption. Pass Journal entries, showing separately the two types of bonus issues as above with the minimum reduction in free reserves.

26. From the Balance Sheets as at 31st March 2017. Prepare consolidated Balance Sheet :

	H Ltd.	S Ltd.		H Ltd.	S Ltd.
Share capital :			Sundry Assets	5,50,000	2,60,000
Shares of Rs.			60% shares in		
10 each fully			S Ltd. (at Cost)	1,30,000	
paid	5,00,000	2,00,000			
Reserves	1,00,000				
Creditors	80,000	60,000			
	6,80,000	2,60,000		6,80,000	2,60,000

27. On 1st January 2017 a company had issued Rs. 20,00,000, 14% Debentures at 5% discount repayable in five years, at par. The company reserved the right to redeem to the extent of Rs. 2,00,000 in any year by purchase in the open market. The interest payable half yearly on 30th June and 31st December and same was duly paid. On 31st December, 2017, the company purchased Rs. 2,00,000 debentures at a cost of Rs. 1,91,000. Pass necessary entries upto 31st December 2017, including closing entries on that date if the above redemption was made out of profit.
28. How Contingent assets are treated as per Indian AS 37 ?

(6 × 4 = 24 marks)

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

29. What is double account system ? What are its features ? Compare with double entry system.
30. From the following balances of Light Supply Corporation, as on 31st March 2008, prepare Capital A/C, Revenue A/C, Net Revenue A/C, General Balance Sheet :

	Rs.	Rs.
Equity Shares		1,64,700
Debentures		60,000
Sundry creditors on open accounts		300

Turn over

	Rs.	Rs.
Depreciation fund		75,000
Capital expenditure to 31/3/07	2,85,000	
Capital expenditure during 2007-08	18,300	
Sundry debtors for current supplied	12,000	
Other debtors	150	
Stores in hand	1,500	
Cash in hand	1,500	
Cost of generation of electricity	9,000	
Cost of distribution of electricity	1,500	
Rent, Rates and Taxes	1,500	
Management expenses	3,600	
Depreciation	6,000	
Interest on debentures	3,000	
Interim Dividend	6,000	
Sale of current		39,000
Meter Rent		1,500
Balance on Net Revenue A/C on 1/4/07	8,550	
	3,49,050	3,49,050

31. On 1st April 2017, Y Ltd issued 800, 12% Debentures of Rs. 1,000 each at Rs. 950 each. Debenture holders have an option to convert their holdings into 6% Preference shares of Rs. 100 each at a premium Rs. 25 per share. On 31 March 2018 one year's interest accrued on these debentures which was not paid. A holder of 50 debentures notified his intention to convert his holdings into 13% Preference shares. Pass Journal Entries. Draw up Balance sheet as at 31st March 2018.

(2 × 15 = 30 marks)

D 71557

(Pages : 6)

Name.....

Reg. No.....

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

(CUCBCSS—UG)

B.Com.

BCM 3B 04—CORPORATE ACCOUNTING

(2016 Admissions)

[Common for B.Com. Vocational]

Time : Three Hours

Maximum : 80 Marks

Part A

Answer all questions.

Each question carries 1 mark.

1. Public utility undertakings present financial statements by adopting _____ system.
2. Capital redemption reserve can be used to issue fully paid _____ shares.
3. Purchase consideration does not include the payment made to _____.
4. IFRS 13 deals with _____.
5. The basis for recording bank transactions are the _____ prepared by customers and bank staff.
6. After all the debentures are redeemed, the balance in the sinking fund is transferred to _____.
 - (a) General reserve.
 - (b) Capital reserve
 - (c) Profit and loss account.
 - (d) Debentures account
7. IFRS 2 deals with _____
 - (a) Government grants.
 - (b) Arrears.
 - (c) Share based payments.
 - (d) Business combinations.
8. Dividend declared between two annual general meeting is known as _____.
 - (a) Unclaimed dividend.
 - (b) Sweat dividend.
 - (c) Interim dividend.
 - (d) Scrip dividend.

Turn over

9. On standard assets provision required is _____.

- (a) 0.25 %.
- (b) 0.40 %.
- (c) 0.375 %.
- (d) 0.20 %.

10. Reserve for unexpired risk is shown under :

- (a) Reserves and surplus.
- (b) Current liabilities.
- (c) Provisions.
- (d) None of these.

(10 × 1 = 10 marks)

Part B

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

11. What is Equity instrument ?
12. What is capital redemption reserve ?
13. What is IFRS ?
14. What do you mean by right issue of shares ?
15. What is double account system ?
16. What is re- insurance ?
17. What do you mean by lease ?
18. What is sweat equity shares ?
19. What do you mean by buy back of shares ?
20. What do you mean by Rebate on bill discounted ?

(8 × 2 = 16 marks)

Part C

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

21. What are the disclosure requirements in separate financial statements under Ind AS 27 ?
22. What are the conditions to be fulfilled under the companies Act for the redemption of preference shares ?
23. Give schedule of advance of a banking company using imaginary figures.

24. What do you mean by business combinations ? Explain the steps in acquisition method of business combination ?
25. ABC Ltd. invests Rs. 10 lakhs in an item of plant to reduce the pollution. The anticipated useful life of the items is 5 years. During the year of acquisition ABC Ltd receives a government grant of one lakh towards purchase of the plant. Write the journal entries for the first two years for the government grant related to assets under the two alternative methods of presentation under IAS 20
26. The Kaveri Bank Limited has the following bills in its advances portfolio on 31st March 2015 :

<u>Sl. No</u>	<u>Date of bill</u>	<u>(Rs.)</u>	<u>Term (months)</u>	<u>Date of maturity</u>
1	February 11	5,000	4	June 14, 2016
2	February 16	6,000	3	May 19, 2016
3	March 17	4,000	4	July 10, 2016

The rate of discount is 10%. You are required to calculate the rebate on bills discounted and give the necessary journal entries.

27. A company had as part of its share capital 1,000 redeemable preference shares of Rs. 100 each fully paid. When the shares became due for redemption, the company had Rs. 60,000 in its reserve fund, the company issued necessary equity shares of Rs. 25 specifically for the purpose of redemption and received cash in full. The redeemable preference shares were then paid out of the new issue, the balance being met from the reserve fund.
28. The Axis life insurance company prepared its revenue account for the year ended 31-3-16 and ascertained its life insurance Fund to be Rs. 50,00,000. It was later found that the following had been omitted from the accounts :—

Interest accrued on investments	...	1,00,000
Income tax liable to be deducted thereon	...	20,000
Outstanding premiums	...	60,000
Bonus utilised in reduction of premiums	...	20,000
Claims intimated but not admitted	...	30,000
Claims covered under re-insurance	...	15,000

(6 × 4 = 24 marks)

Turn over

Part D

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

29. The following are the figures extracted from the books of Excel Bank limited as on 31-3-2015 :

Interest and discount received	:	37,05,738
Interest paid on deposits	:	20,37,452
Issued and subscribed capital	:	10,00,000
Salaries and allowances	:	2,00,000
Directors fee and allowances	:	30,000
Rent and taxes paid	:	90,000
Postage and telegrams	:	60286
Statutory reserve fund	:	8,00,000
Commission, exchange and brokerage	:	1,90,000
Rent received	:	65,000
Profit on sale of investments	:	2,00,000
Depreciation on bank's properties	:	30,000
Statutory expenses	:	40,000
Preliminary expenses	:	25,000
Auditors fee	:	5,000

The following further information is given :

- (i) A customer to whom a sum of Rs. 10 lakhs has been advanced has become insolvent and it is expected only 50% can be recovered from his estate.
- (ii) There were also other debts for which a provision of Rs. 1,50,000 was found necessary by the auditors.
- (iii) Rebate on bills discounted on 31.3.2014 was Rs. 12,000 and on 31-3-2015 was Rs. 16,000.
- (iv) Provide Rs. 6,50,000 for Income Tax.
- (v) The directors desire to declare 10% dividend.

Prepare the profit and loss account of Excel Bank Limited for the year ended 31-3-2015.

30. The following is the trial balance of Social Electric Lighting Co. Ltd. for the year ended December 31, 2015 :

31-12-14		31-12-15	31-12-15
Dr		Dr	Cr
	Nominal capital 10,000 shares of Rs. 50 each		
1,00,000	Subscribed -5,000 shares. Rs. 25 paid		1,25,000
75,000	Debentures,6% interest		75,000
5,600	Depreciation fund		5,000
—	Calls in arrears	5,000	
46,500	Free hold land	46,500	
20,000	Buildings	25,000	
30,000	Machinery at station	50,000	
25,000	Mains	40,000	
5,000	Transformers, Motors, etc	10,000	
2,500	Meters	7,500	
1,500	Electrical instruments	2,000	
8,000	General stores (cables, mains, etc.) in stock	11,750	
1,250	Office furniture	1,250	
	Coal and fuel	9,500	
	Oil, waste and engine room stores	3,750	
	Coal, oil waste, etc. in stock	500	
	Repairs and replacements	2,500	
	Rates and taxes	1,500	
	Salaries of secretary, manager etc	7,500	
	Wages at station	15,000	
	Directors' fees	5,000	
	Stationary, printing, and advertising	3,000	
	Incidental expenses	500	
	Law charges	1,000	
	Sales of meters		43,750
	Sales by contracts		25,000
	Meter rents		1,500
	Sundry creditors		5,000
	Sundry debtors	15,000	
	Cash in hand and at bank	16,500	
		<u>2,80,250</u>	<u>2,80,250</u>

Turn over

1. Provide depreciation on :

Building 2.5 %, Machinery 7.5%, Mains 5%, Transformers, etc. 10%, Meters 15%

2. A call of Rs. 5 per share was payable on 30th June , 2015 and arrears are subject to interest @ 5% per annum.

Prepare Revenue Account, and Capital account for the year ended 31-12-2015 and Balance sheet as on that day.

31. A Ltd. acquires B Ltd. for a consideration of Rs. 38,00,000 to be satisfied in the form of fully paid equity shares of Rs. 10 each. The balance sheets of the two companies on 31st December 2016, the date of acquisition, were as follows :

<i>Liabilities</i>	A Ltd.	B Ltd.	<i>Assets</i>	A Ltd.	B Ltd.
Share Capital			Sundry		
Equity shares of			assets	96,00,000	58,00,000
Rs. 10 each	40,00,000	25,00,000			
General Reserve	15,00,000	3,00,000			
Development Rebate	3,00,000	1,00,000			
Reserve	6,00,000	4,00,000			
Profit and Loss A/c	12,00,000	9,00,000			
Sundry Liabilities	20,00,000	16,00,000			
	96,00,000	58,00,000		96,00,000	58,00,000

You are required to pass the necessary journal entries in the books of A Ltd. when amalgamation is by way of purchase. Also prepare the resultant balance sheet presuming that the Development Rebate Reserve and Export Profit Reserve are required to be continued.

(2 × 15 = 30 marks)

D 71558

(Pages : 4)

Name.....*Arts & Science C*.....

Reg. No.....

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)

D 51190

(Pages : 4)

Name.....

Reg. No.....

THIRD SEMESTER B.Com. DEGREE EXAMINATION, NOVEMBER 2018

(CUCBCSS—UG)

BCM 3B 04—CORPORATE ACCOUNTING

(Common for B.Com. Vocational)

[2017 Admissions]

Time : Three Hours

Maximum : 80 Marks

Part A

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

(A) Choose the correct answer :

1 Reserve for unexpired risk is shown under :

- (a) Reserves and surplus. (b) Current Liabilities.
(c) Provisions. (d) Profit and Loss Account.

2 Profit available for dividend excludes :

- (a) Reserves and surplus. (b) Dividend Equalization reserve.
(c) Profit and Loss Account. (d) Shares forfeited account.

3 Interest on debenture is a _____.

- (a) Charge on profit. (b) Appropriation of profit.
(c) Adjustment on Profit. (d) None of these.

4 The accounting concept that is principally used to classify leases into operating and finance is :

- (a) Substance over form. (b) Prudence.
(c) Neutrality. (d) Completeness.

5 Under Ind AS 103, assets and liabilities are recorded at :

- (a) Fair value. (b) Cost price.
(c) Intrinsic value. (d) None of these.

(B) Fill in the blanks :

6 The percentage of provision required on unsecured doubtful asset is _____.

7 General Insurance is a contract of _____.

Turn over

- 8 Preference Shares cannot be redeemed unless they are _____.
- 9 Profit on sale of sinking fund investment account is credited to _____ account.
- 10 Ind AS _____ deals with share based payments.

(10 × 1 = 10 marks)

Part B

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

- 11 Define Lease.
- 12 What is vesting period ?
- 13 Write a short note on 'escrow account'.
- 14 What is right issue ?
- 15 What is valuation balance sheet ?
- 16 What is NPA ?
- 17 What is stock split ?
- 18 What do you mean by cum interest quotation ?
- 19 What is NCI ?
- 20 What do you mean by money at call and short notice ?

(8 × 2 = 16 marks)

Part C (Short Essay Questions)

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

- 21 Give list of reserves which are not available for issue of bonus shares ?
- 22 What are the different methods of Redemption of preference shares ?
- 23 Give a proforma of schedule 9 advances of a banking company.
- 24 Explain the procedure for ascertaining profit or loss of insurance company.
- 25 From journalize the following transactions at the time of issue and redemption of debentures :
- (a) A debentures issued at ₹ 95, repayable at ₹ 100.
- (b) A debentures issued at ₹ 95, repayable at ₹ 105.
- (c) A debentures issued at ₹ 100, repayable at ₹ 105.

26. From the following information compute the amount of provision to be made in Profit and Loss account of a Commercial bank :

	₹ in lakhs
Standard assets	... 10,000
Sub - standard Assets	... 6,400
Doubtful Assets (Secured) :	
For 1 year	... 3,200
For 2 year	... 1,800
For 3 year	... 900
More than 3 years	... 1,100
Loss assets	... 3,000

27. A company has its share capital divided into shares of ₹ 10 each. On 1-4-2012, it granted 5000 employees stock option at ₹ 50, when the market price was ₹ 140. The options were to be exercised between 1-3-2013 to 31-03-2013. The employees exercised their options for 4,800 shares only ; remaining options lapsed. Pass the necessary journal entries in the books of the company.
28. On 1 January 2017, A Ltd. purchased a fixed asset for cash of ₹ 5,00,000 and received a grant of ₹ 2,00,000 towards the cost of the asset. A Ltd. decided to treat the grant as deferred income. The asset has a useful life of five years. Pass Journal Entries.

(6 × 4 = 24 marks)

Part D (Essay Questions)

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

29. Prepare the fire insurance revenue account as per IRDA regulations for the year ended 31/03/2011 from the following information :

	Rs.
Claims paid	... 4,90,000
Legal expenses regarding claims	... 10,000
Premiums received	... 13,00,000
Re - insurance premium paid	... 1,00,000
Commission	... 3,00,000
Expenses of management	... 2,00,000
Provision against unexpired risk on 01/04/2010	... 5,50,000
Claims unpaid on 01/04/2010	... 50,000
Claims unpaid on 31/03/2011	... 80,000

Turn over

30. From the following information prepare Profit and Loss account of Z bank for the year ended 31-03-2016 :

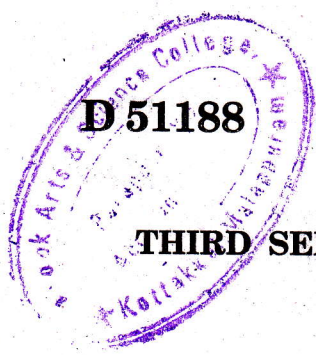
	Rs.		Rs.
Interest on loans	2,590	Interest on overdrafts	1,540
Interest on fixed deposits	3,170	Directors fees and allowances	30
Rebate on bills discounted	490	Auditors fees	12
Commission	82	Interest on Savings bank deposits	680
Payment to employees	540	Postage and telegrams	14
Discount on bill discounted (Gross)	1,550	Printing and stationery	29
Interest on cash credits	2,230	Sundry charges	17
Rent and rates	180		

Additional information :

- (a) Provide for contingencies ₹ 2,00,000.
- (b) Transfer ₹15, 57,000 to reserve fund.
- (c) Transfer ₹2,00,000 to Central Government.

31. What do you mean by Bonus Issue ? Explain the advantages and disadvantages of bonus issue.

(2 × 15 = 30 marks)



D 51188

(Pages : 4)

Name.....

Reg. No.....

THIRD SEMESTER B.Com. DEGREE EXAMINATION, NOVEMBER 2018

(CUCBCSS—UG)

BCM 3B 04—CORPORATE ACCOUNTING

[Common for B.Com. Vocational]

(2014 Admissions)

Time : Three Hours

Maximum : 80 Marks

Part A

Answer all questions.

Each question carries 1 mark.

1. _____ statement displays the revenue and expenses of a company for a period of time.
(a) Income Statement. (b) Position statement.
(c) Trial Balance. (d) None.
2. When amalgamation is in the nature of merger, the accounting method to be followed is :
(a) Equity method. (b) Purchase method.
(c) Pooling of interest method. (d) Consolidated method.
3. As per section 55 of the Companies Act 2013, a company cannot issue preference shares which are redeemable after the expiry of _____ years from the date of their issue.
(a) 10. (b) 15.
(c) 20. (d) 25.
4. Preference shareholders are :
(a) Creditors of the company. (b) Owners of the company.
(c) Customers of the company. (d) None of these.
5. Every banking company shall transfer a sum equal to _____ of the profit of each year to a statutory reserve.
(a) 15%. (b) 20%.
(c) 22%. (d) 25%.
6. Valuation balance sheet is prepared for ascertaining _____ in life insurance.
7. Proposed dividend is debited to _____ account.
8. _____ is the reduction of capital to cancel any paid up share capital which is lost or unrepresented by available assets.
9. Bonus in reduction of premium is shown as _____.
10. In life insurance, claims may arise on the happening of _____.

(10 × 1 = 10 marks)

Turn over

Part B

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

11. What is capital reserve ?
12. What do you mean by calls in advance ?
13. Give the journal entry on forfeiture of shares issued at a discount.
14. What do you mean by private placement of shares ?
15. State any two advantages of buy back of shares.
16. What is amalgamation in the nature of purchase ?
17. What is purchase consideration ?
18. What is internal reconstruction ?
19. What do you mean by money at call and short notice ?
20. What do you meant by surrender value in life insurance ?

(8 × 2 = 16 marks)

Part C

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

21. Explain the various methods of redemption of debentures.
22. What are the ways in which internal reconstruction can be carried out ?
23. Give schedule of reserves and surplus of a banking company by using imaginary figures.
24. Explain the method of determining profit in life insurance business.
25. X ltd invited applications for 10,000 shares of Rs. 100 each at a discount of 6% payable as follows :
On application Rs. 25, on allotment Rs. 34, and on first and final call Rs. 35.
The applications received were for 9000 shares and all of these were accepted. All moneys due were received except the first and final call on 100 shares which were forfeited. 50 shares were reissued @ Rs. 90 as fully paid. Pass necessary journal entries in the books of the company.
26. Soorya Limited had to credit of its Profit and Loss account Rs. 1,04,500 on 1-1-2016. During the year 2016 it earned a profit of Rs. 2,60,000 before charging depreciation and manager's commission which amounted to Rs. 40,000 and Rs. 10,000 respectively. It was decided to :
 - Transfer Rs. 50,000 to the general reserve
 - Transfer Rs. 32,500 to the dividend equalization fund
 - To pay the years dividend on Rs. 3,00,000,10% preference shares
 - To pay 20% dividend on Rs. 4,00,000 equity share capital
 - To transfer Rs. 40,000 to debenture redemption fund.

Prepare profit and loss appropriation account showing the above transactions.

27. Prepare profit and loss account of the Uco Bank Ltd for the year ending 31 - 03 - 2017 from the following information.

Interest on Deposit	32,00,000	Commission (Cr)	1,00,000
Interest on Loan	24,90,000	Sundry charges (Dr.)	1,00,000
Rent and taxes	2,00,000	Establishment	5,00,000
Discount on bills discounted	14,90,000	Interest on OD	16,00,000
Interest on cash credit	23,20,000	Audit fees	35,000
Directors fee	16,000	Bad debts	3,00,000

28. The life fund of a Life insurance company was Rs. 86,48,000 as on 31 - 3 - 2018. The interim bonus paid during the inter-valuation period was Rs. 1,48,000. The periodical actuarial valuation determined the net liability at Rs. 74,25,000. Surplus brought forward from previous valuation was Rs. 8,50,000. The directors of the company proposed to carry forward Rs. 9,31,000 and to divide the balance between the shareholders and policy holders.

Show valuation balance sheet and distribution of surplus.

(6 × 4 = 24 marks)

Part D

Answer any two questions.

Each question carries 15 marks.

29. X ltd and Y Ltd were amalgamated on 1-04-2017. A new company XY Ltd was formed to take over the business of existing companies. The balance of sheet of X ltd and Y ltd as on 31 - 3 - 2017 are as follows :

	X Ltd	Y Ltd		X Ltd	Y Ltd
Equity shares of Rs. 10 each	2,40,000	1,60,000	Fixed asset	4,00,000	2,60,000
10% Preference shares -Rs. 100 each	1,20,000	80,000	Investment	1,60,000	60,000
Capital reserve	80,000	60,000	Stock	1,20,000	60,000
General reserve	1,20,000	60,000	Debtors	1,60,000	80,000
Profit and Loss account	40,000	20,000	Cash and bank	1,20,000	60,000
Secured loan	1,60,000	80,000			
Trade creditors	1,20,000	40,000			
Provision for tax	80,000	20,000			
	9,60,000	5,20,000		9,60,000	5,20,000

Other information :

1. Preference shareholders of the two companies are issued equivalent number of 12% preference shares of XY ltd at Rs. 125 per share.
2. XY Ltd will issue one equity share of Rs. 10 each for every share for X Ltd and Y Ltd. The shares are issued at a premium of Rs. 5 per share.

Turn over

Prepare Balance sheet of XY Ltd on the assumption that the amalgamation is in the nature of merger.

30. White Ltd issues 10,000 12% secured debentures of Rs. 100 each. Give journal entries if the debentures are redeemable at par and are issued at (i) par, (ii) at a discount of 2% and (iii) at a premium of 3%.

Also show the entries which will be made if the debentures are redeemable at a premium of 5% and are issued at (i) par, (ii) at a discount of 2%.

31. Following are the balances of Sooraj Ltd as on 31 march 2018 :

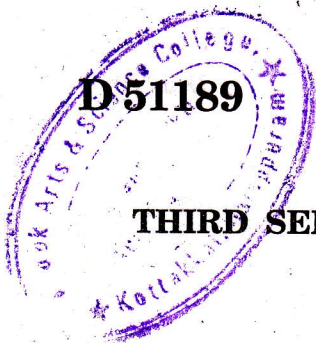
Particulars	Amount	Particulars	Amount
Share capital	40,00,000	Land and building	30,72,000
12% debenture	30,00,000	Plant	33,00,000
Profit and Loss account	2,62,500	Stock	7,50,000
Bills payable	3,70,000	Debtors	8,70,000
Creditors	4,00,000	Goodwill	2,50,000
Sales	41,50,000	Cash in hand and bank	4,06,500
General reserve	2,50,000	Calls in arrear	75,000
Provision for bad debt	35,000	Interim dividend paid	3,92,500
		Purchases	18,50,000
		Preliminary expenses	50,000
		Wages	9,79,800
		General expenses	68,350
		Salaries	2,02,250
		Bad debt	21,100
		Debenture interest paid	1,80,000
Total	1,24,67,500		1,24,67,500

Additional Information :

- Plant depreciation -15%.
- Write off preliminary expenses-Rs. 5,000.
- Half year's debenture interest due.
- Create 5% provision on debtors for doubtful debts.
- Provide for income tax - @ 50%.
- Stock on 31 - march was Rs. 9,50,000.

Prepare profit and loss account and balance sheet for the year ended 31 March 2018.

(2 × 15 = 30 marks)



(Pages : 4)

Name.....

Reg. No.....

THIRD SEMESTER B.Com. DEGREE EXAMINATION, NOVEMBER 2018

(CUCBCSS—UG)

BCM 3B 04—CORPORATE ACCOUNTING

[Common for B.Com. Vocational]

(2016 Admissions)

Time : Three Hours

Maximum : 80 Marks

Part A

Answer all the questions. Each question carries 1 mark.

- I. 1 In the case of marine insurance reserve for unexpired risk is _____.
- (a) 50%. (b) 100%.
(c) 40%. (d) none of these.
- 2 Which profits are not available for declaration of dividend ?
- (a) Revenue profit. (b) Capital profit.
(c) Current years profit. (d) None of these.
- 3 Right share are those shares which are issued to _____.
- (a) Directors. (b) Promoters.
(c) Existing share holders. (d) None of these.
- 4 Banks show provision for bad debts, provision for taxation, proposed dividend under the head :
- (a) Contingent liabilities. (b) Other liabilities and provision.
(c) Borrowing. (d) None of these.
- 5 Which of the following is true regarding the requirements of Ind AS 102.
- (a) Private companies are exempt.
(b) Small companies are exempt.
(c) Subsidiaries using their parent entity's shares as consideration for goods and services are exempt.
(d) There are no exemptions from Ind AS 102.
- II. 6 Under double account system, the profit and loss account is termed as _____.
- 7 Dividend declared between two annual general meetings is called _____.
- 8 Life insurance is a contract of _____.
- 9 Banks are required to transfer _____ % of their profit to statutory reserve.
- 10 IFRS 2 deals with _____.

(10 × 1 = 10 marks)

Part B

Answer any eight questions. Each question carries 2 marks.

- 11 What is IFRS ?
- 12 What is capital redemption reserve ?

Turn over

- 13 What is bonus share ?
- 14 What do you mean by Sinking Fund ?
- 15 What do you mean by Money at call and short notice ?
- 16 What do you mean by Non Performing Assets ?
- 17 What is statutory reserve ?
- 18 What is re-insurance ?
- 19 What is a prospectus ?
- 20 What is share based payments ?

(8 × 2 = 16 marks)

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

- 21 What are the objectives IFRS ?
- 22 Describe different methods of redeeming debentures.
- 23 Explain the meaning of double account system. State how it differs from single account system.
- 24 State the provisions of IFRS 20 relating to government grants and disclosure of govt assistance.
- 25 A Ltd. purchases its own 12% debentures of 30,000 at Rs. 98 on 1-4-2015. Interest is payable on 30th June and 31st December every year. Give journal entries in the books of A Ltd. if the quotation is :
 - (i) Cum interest (ii) Ex-interest
- 26 Compute the amount of provision for doubtful debts from the following details of advances of National Bank Ltd :

(Rs in lakhs)

Total loans and advances	:	50
Fully secured advances without any default by the borrowers	:	30
Advances overdue for 15 months	:	10
Advances overdue for more than 30 months but less than 36 months	}	
(Secured by mortgage of plant worth Rs. 3 lakhs)	:	5
Non-recoverable unsecured advances	:	3
Small advances not exceeding Rs. 25,000 to each borrower(unsecured)	:	2

- 27 The revenue account of a Life Insurance Company shows the life assurance fund on 31st March, 2015 at Rs. 62,21,310 before taking account the following items :—
 - (a) Claims covered under re-insurance : Rs. 12,000
 - (b) Bonus utilised in reduction of premium : Rs. 4,500
 - (c) Interest accrued on securities : Rs. 8260
 - (d) Outstanding premium : Rs. 5,410
 - (e) Claims intimated but not admitted : Rs. 26,500

What is the Life assurance fund after taking in to account the above omission.

- 28 Vivek Ltd was granted 5,000 acres of land in a village, located near the slums outside the city limits, by a local government authority. The condition attached to this grant was that Vivek Ltd. should clean up this land and lay roads by employing labourers from the village in which the land is located. The government has fixed the minimum wage payable to the workers. The entire operation will take three years and is estimated to cost Rs. 100 million. The amount will be spent in this way : Rs 20 million each in the first and second years and Rs. 60 million in the third year. The fair value of this land is currently Rs. 120 million. Based on the principles laid down for accounting and recognition of grants, how this grant should be treated in the books of Vivek Ltd.

(6 × 4 = 24 marks)

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

- 29 From the following particulars prepare the Balance Sheet of Progressive Bank Ltd. as on 31st March, 2014 :

Particulars	Dr. Rs.	Cr. Rs.
Share capital	—	10,00,000
Reserve fund	—	16,00,000
Fixed deposit	—	40,00,000
Savings bank deposits	—	60,00,000
Current A/c	—	2,20,00,000
Money at call and short notice in India	2,00,000	—
Bills discounted and purchased in India	9,00,000	—
Investments at Cost :		
Central and state Govt. Securities	1,00,00,000	—
Debentures	4,00,000	—
Bullion	24,00,000	—
Premises at cost	1,00,00,000	—
Addition to Premises	20,00,000	—
Depreciation Fund on Premises	—	90,00,000
Cash with Reserve bank of India	34,00,000	—
Cash with State Bank of India	12,00,000	—
Unclaimed Dividend	—	24,000
Unexplained Discount	—	50,000
Loans, advances, overdraft and cash credit in India	1,00,00,000	—
Branch adjustment	57,94,000	—
Silver	2,00,000	—
Advance payment of Tax	1,10,000	—
Interest accrued on investment	2,60,000	—
Non Banking assets acquired	70,000	—
Borrowings from banks in India	—	2,50,000
Bills payable	—	20,00,000
Profit and loss A/c including Rs. 2,10,000 for the year	—	4,10,000
Dividend fluctuation fund	—	6,00,000
	<u>4,69,34,000</u>	<u>4,69,34,000</u>

Turn over

30 The following is the summarized Balance sheet of Peter Ltd. as at 31st March 2016 :

<i>Liabilities</i>	Rs.	<i>Assets</i>	Rs.
Share Capital 40,000 Equity shares of 10 each	4,00,000	Furniture	80,000
Reserve Fund		1,80,000	Building
Profit and Loss A/c	60,000	Machinery	1,00,000
10% Debentures	2,00,000	Stock	40,000
Sundry Creditors	20,000	Sundry Debtors	60,000
		Bank	3,00,000
		Cash	80,000
	8,60,000		8,60,000

On 1st April, 2016, Sagar Ltd took over the business of peter Ltd. as per the terms and conditions mentioned below :

1. Debentures are to be discharged at a premium of 5% in Sagar Ltd.
2. Creditors are to be paid off by Sagar Ltd.
3. Sagar Ltd. will issue 5 equity shares of Rs 10 each at a market value of Rs. 11 for every 4 equity shares of Peter Ltd.
4. Cost of liquidation Rs. 10,000 is to be paid by Sagar Ltd.

Close the books of Peter Ltd. and pass opening entries in the books of Sagar ltd. assuming that the amalgamation is in the nature of Purchase.

31 From the following balances as on December 31, 2015 appearing in the ledger of the Electric light and power Co. Ltd you are required to prepare :

- (a) Revenue account (b) Net revenue account (c) Capital account and General Balance sheet.

	Rs.		Rs.
Equity shares	54,900	Stores on hand	700
Debentures	20,000	Cash	300
Lands on 31-12-2014	15,000	Cost of generating electricity	3,000
Lands purchased during 2015	500	Cost of distribution of electricity	600
Machinery on 31-12-2014	60,000	Rent rates and taxes	400
Machinery purchased in 2015	500	Management expenses	1,200
Mains including cost of laying 31-12-2014	20,000	Depreciation	2,000
Spent on mains during 2015		5,100	Sale of current
Sundry creditors	100	Rent of meters	300
Depreciation Fund	25,000	Interest on debentures	1,000
Sundry debtors for current supplied	4,000	Dividends	2,000
Other debtors	50	Balance of net revenue A/c 31-12-2014	2,850

(2 × 15 = 30 marks)

THIRD SEMESTER B.Com. DEGREE EXAMINATION, NOVEMBER 2016

(CUCBCSS—UG)

Core Course

BCM 3B 04—CORPORATE ACCOUNTING

Time : Three Hours

Maximum : 80 Marks

Part A

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

I. Choose the correct answer :

- 1 Shareholders are the _____ of a company.
 - (a) Members.
 - (b) Owners.
 - (c) Creditors.
 - (d) None of the above.
- 2 As per section _____ of the Companies Act, a company cannot allot shares to the public unless the minimum subscription has been subscribed.
 - (a) Section 39 (1).
 - (b) Section 40.
 - (c) Section 41.
 - (d) Section 42.
- 3 Capital redemption reserve is used for _____.
 - (a) For writing off capital losses.
 - (b) For issuing partly paid bonus shares.
 - (c) For issuing fully paid bonus shares.
 - (d) None of the above.
- 4 When two or more companies are liquidated and form a new company, it is called _____.
 - (a) Absorption.
 - (b) Reconstruction.
 - (c) Amalgamation.
 - (d) None of the above.
- 5 Which is the government agency constituted for monitoring the insurance sector in India ?
 - (a) RBI.
 - (b) IRDA.
 - (c) SEBI.
 - (d) None of the above.

II. Fill in the blanks :

- 6 Share application account is a _____ account.
- 7 Dividend declared in between two annual general meetings are called _____.
- 8 _____ reconstruction means reduction of share capital of a company which is to be reconstructed.

Turn over

- 9 SCHEDULE _____ shows the amount of interest expended during a period by banking companies.
- 10 SCHEDULE 3 is the format of schedule which is to be used for recording the _____ in insurance companies.

(10 × 1 = 10 marks)

Part B (Short Answer Questions)

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

11. What is an unlimited company ?
12. What do you mean by authorized capital ?
13. Write a short note on over subscription.
14. What is a chartered company ?
15. What do you mean by issue of shares at a discount ?
16. What do you know about surrender of shares ?
17. What do you mean by amalgamation of companies ?
18. What is statutory reserve ?
19. What do you mean by Non-Performing Assets ?
20. What is the rebate on bills discount ?

(8 × 2 = 16 marks)

Part C

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

21. Distinguish between equity shares and preference shares.
22. Explain various sources of redemption of debentures.
23. Examine different types of debentures.
24. Differentiate the merger and purchase.
25. What do you understand by Buyback of shares ? Explain the advantages of buyback of shares.
26. Calculate Rebate on Bills discounted as on 31st March 2015.

Date	Amount	Period	Rate of discount
20-01-15	80,000	5 months	16 %
10-02-15	40,000	4 months	18 %
15-03-15	60,000	2 months	15 %

27. Jagadeesh Limited invited application for 30,000 shares of ₹10 each. Payments were to be made as follows :—

Application ₹3, Allotment ₹3, First call ₹2, final call ₹2. All the shares were applied. You are required to prepare necessary journal entries in the books of the company, assuming that all sums due on allotment and calls have been received. Share issue expenses amounted to ₹8,000.

28. Manu and Sons Limited issued 40,000 Equity shares of ₹10 each payable as follows :

Application ₹2.50 payable on	—	1 st May 2015.
Allotment ₹2.50 payable on	—	1 st July 2015.
First Call ₹2.00 payable on	—	1 st October 2015.
Second & Final ₹3.00 payable on	—	1 st February 2016.

All these shares were subscribed and amounts received. Mohan, who had 800 shares, paid the amount of first and second calls with allotment.

Pass necessary journal entries in the books of the company.

(6 × 4 = 24 marks)

Part D

Answer any two questions.

Each question carries 15 marks.

29. On 31st March 2010, B Ltd. was absorbed by A Ltd., the later taking overall the assets and liabilities of the former at book values. The consideration for the business was fixed at ₹ 40 crore to be discharged by the transferee company in the form of its fully paid up equity shares of ₹ 10 each, to be distributed among the shareholders of the transferor company, each shareholder is getting two shares for every share held in the transferor company.

The balance sheets of the *two* companies as on 31st March, 2010 stood as follows :

<i>Liabilities</i>	A	B	<i>Assets</i>	A	B
	₹ '000	₹ '000		₹ '000	₹ '000
Share capital : Authorized	15,00,000	5,00,000	Goodwill	2,00,000	60,000
Issued and subscribed share capital @ ₹10 full paid	9,00,000	2,00,000	Plant & Machinery	4,12,000	1,00,000
General reserve	1,80,000	50,000	Furniture	80,000	30,000
Profit and Loss Account	20,502	12,900	Stock-in-trade	2,65,500	60,000
Workmen compensation fund	12,000	9,000	Sundry Debtors	2,21,200	46,000
Sundry Creditors	58,567	30,456	Prepaid insurance	—	700
Staff Provident Fund	10,200	4,000	Income tax refund claim	—	6,000
Provision for Taxation	12,300	5,000	Cash in hand	869	356
			Cash at bank	14,000	8,300
	11,93,569	3,11,356		11,93,569	3,11,356

Turn over

THIRD SEMESTER B.Com. DEGREE EXAMINATION, NOVEMBER 2015

(CUCBCSS—UG)

Core Course

BCM 3B 04—CORPORATE ACCOUNTING

Time : Three Hours

Maximum : 80 Marks

Part A*Answer all questions.**Each question carries 1 mark.***I. Choose the correct answer :****1 Assets acquired in satisfaction of claims :**

- (a) Banking assets. (b) Acquired assets.
(c) Purchased assets. (d) Non banking assets.

2 Unexpired discount :

- (a) Prepaid discount. (b) Outstanding discount.
(c) Unearned discount. (d) Rebate on bills discounted.

3 The outright sale of a policy by the insured to the insurance company before maturity of the policy.

- (a) Surrender of policy. (b) Sale of policy.
(c) Reversion. (d) Bonus.

4 The insurance policy which matures only on death of the insured :

- (a) Endowment policy. (b) Whole life policy.
(c) With profit policy. (d) Without profit policy.

5 Unclaimed dividend is shown on the liabilities side of the Balance Sheet :

- (a) Reserves and Surplus.
(b) Long term borrowings.
(c) Current liabilities and provisions.
(d) Share capital.

II. Fill in the blanks :

- 6 A policy which matures after the expiry of a particular period is called _____.
7 In life insurance companies investments come under schedule number _____.

Turn over

- 8 CRR represents _____.
- 9 Liability for partly paid investment is _____.
- 10 When an existing company takes over the business of one or more existing companies, it is called _____.

(10 × 1 = 10 marks)

Part B

*Answer any eight questions from the following.
Each question carries 2 marks.*

- 11 What is the journal entry to be passed by the purchasing company for making payment of liquidation expenses of the vendor company in the case of amalgamation in the nature of purchase ?
- 12 What is external reconstruction?
- 13 What is intrinsic value method ?
- 14 What is the journal entry for the following scheme of capital reduction ? 50,000 equity shares of Rs. 100 each fully paid have been reduced to an equal number of fully paid up shares of Rs. 10 each.
- 15 What are performing assets ?
- 16 What is money at call and short notice ?
- 17 Define insurance.
- 18 What is valuation Balance Sheet ?
- 19 What is Capital Redemption Reserve ?
- 20 Mention the sources from where buy back can be made ?

(8 × 2 = 16 marks)

Part C

*Answer any six questions from the following.
Each question carries 4 marks.*

- 21 On 31st March 2011, the Life Assurance fund of an insurance company stood at Rs. 1,48,60,000. Its net liability as per actual valuation as on that date was Rs. 86,00,000. A dividend of Rs. 8,00,000 was payable to the share holders for the year 2010-11. But an interim bonus of Rs. 4,50,000 was paid to the policy holders during the two year period ending 31st March 2011. Prepare Statement showing the amount now available as bonus to the policy holders.
- 22 Explain the different Classification of debentures.
- 23 Calculate Rebate on bills discounted as on 31-3-2010.

<i>Date of the bill</i>	<i>Amount Rs.</i>	<i>Period of bill</i>	<i>Rate of Discount</i>
20-01-2010	... 80,000	5 months	16 %
10-02-2010	... 40,000	4 months	18 %
15-03-2010	... 60,000	2 months	15 %

- 24 State the difference between amalgamation in the nature of merger and amalgamation in the nature of purchase.
- 25 What is a share ? What are the different classes of shares ?
- 26 Y Ltd. Issued 2,000 shares of Rs. 10 each at a premium of Rs. 2 per share. The amount was payable as Rs. 3 on application, Rs. 4 on allotment (incl. premium) and the balance on first and final call. All shares were subscribed and money duly received. Show the journal entries.
- 27 S Ltd. invited applications for 5,000 shares of Rs. 100 each at a premium of 5 % payable as Rs. 25 on application, Rs. 45 on allotment (incl. premium) and Rs. 35 on first and final call. The applications received for 4,000 shares and all of these shares were accepted. All money dues were received except the call on 100 shares which were forfeited. Of these 50 shares were reissued @ Rs. 90 as fully paid. Pass journal entries.
- 28 State the difference between amalgamation in the nature of merger and amalgamation in the nature of purchase.

(6 × 4 = 24 marks)

Part D

*Answer any two questions from the following.
Each question carries 15 marks*

- 29 What is Purchase Consideration ? Explain different methods of calculating purchase consideration in the case of amalgamation.
- 30 Following is the Balance Sheet of G Ltd. as on 31-3-2010

<i>Liabilities</i>	<i>Rs.</i>	<i>Assets</i>	<i>Rs.</i>
Share capital		Goodwill	22500
3,000,5% preference shares of Rs. 100 each	3,00,000	Land and Building	3,00,000
6000 Equity shares of Rs. 100 each	6,00,000	Machinery	4,50,000
6 % Debentures	1,50,000	Stock	65,000
Bank overdraft	1,50,000	Debtors	70,000
Creditors	75,000	Cash	7,500
		Profit and Loss Account	3,50,000
		Preliminary expenses	10,000
	12,75,000		12,75,000

Turn over

On the above date, the company adopted following scheme of reconstruction:

- (i) The preference shares are to be reduced to fully paid shares of Rs. 75 each and Equity shares are to be reduced to shares of Rs. 40 each fully paid up.
- (ii) The debenture holders took over the stock and debtors in full satisfaction of their claims.
- (iii) The fictitious and intangible assets are to be eliminated.
- (iv) The land and buildings to be appreciated by 30 % and machinery to be depreciated by 33 1/3 %.
- (v) Expenses of reconstruction amounted to Rs. 4,500.
- (vi) Give journal entries incorporating the above scheme of reconstruction and prepare the reconstructed Balance Sheet.

31 The following is the summarized Balance sheet of A Ltd as on 31st March 2012.

<i>Liabilities</i>	Rs.	<i>Assets</i>	Rs.
Share Capital		Fixed Assets	
40000 equity shares of Rs. 10 each	4,00,000	Land and Building	2,00,000
Reserves and Surplus		Plant and Machinery	1,00,000
Capital Reserve Account	1,80,000	Furniture	80,000
Profit and Loss Account	60,000	Investments	
Secured Loan		Current Assets	
10 % Debentures	2,00,000	Stock	40,000
Current liabilities and		Sundry Debtors	60,000
Provisions		Bank	3,00,000
Sundry creditors	20,000	Cash	80000
	8,60,000		8,60,000

On 1st April 2012 B. Ltd took over the business of A Ltd as per the following terms :

- (a) Debentures are to be discharged at a premium of 5 % in B Ltd.
- (b) Creditors are to be paid off by B Ltd.
- (c) B Ltd. will issue 5 equity shares of Rs. 10 each at a market value of Rs. 11 for every 4 equity shares of A Ltd.
- (d) Cost of liquidation Rs. 10,000 is to be paid by B Ltd.

Close the books of A Ltd. and pass opening entries in the books of B Ltd. assuming that the amalgamation in the nature of merger.

(2 × 15 = 30 marks)