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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)

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> |

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)

