

**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)