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Name:

Reg. No.....

THIRD SEMESTER B.Com. PROFESSIONAL DEGREE EXAMINATION, NOVEMBER 2018

(CUCBCSS-UG)

CC17U BCP3 B01 - CORPORATE ACCOUNTING

(2017 Admission)

Time: Three Hours

Maximum: 80 Marks

Part I

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

1. Deposits of Banking companies are shown under schedule
a) Schedule 2 b) Schedule 3 c) Schedule 4 d) Schedule 5
2. A Company typically engages in buy back when it has
a) Inadequate reserve b) Excess cash c) Inadequate cash d) None of these
3. Ind AS deals with share based payments.
a) Ind AS 20 b) Ind AS 17 c) Ind AS 103 d) Ind AS 102
4. Under Ind AS 103, assets and liabilities are recorded at
a) Fair value b) Book value c) Intrinsic value d) None of these
5. In subdivision of shares capital does not change.
a) Authorized share capital b) Paid up share capital
c) All the above d) None of these
6. The way of presenting the balance sheet in two parts is known as
7. Generally a company issues shares when the market price of shares is higher than issue price.
8. date is the date at which an entity and another party agree to a share payment agreement.
9. Profit on sale of sinking fund investments is credited to Account.
10. In life insurance companies investments come under the schedule number

(10 × 1 = 10 Marks)

Part II

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

11. What do you mean by NPA?
12. What is contingency reserve?
13. What is double insurance?
14. What is finance lease?

(1)

Turn Over

15. What is Escrow account?
16. What is meant alteration of share capital?
17. What is ESOP?
18. Explain Actuarial valuation?
19. A Ltd. Company had 2000, 6% redeemable preference shares of Rs. 20 each fully paid up. The company decided to redeem these shares at 5% premium by issue of sufficient number of equity shares of Rs. 10 each fully paid at 10% premium. The company had Rs. 80000 undistributed profits in profit and loss account on the date of redemption. Write the journal entries in the books of the company.
20. The nominal value of the equity shares of a company is Rs. 100 and the current market price is 140. The company issues right shares at the rate of 1 equity shares for every 2 existing shares held, the right shares being issued at a premium of 10%. From the above, calculate the value of the right.

(8 × 2 = 16 Marks)

Part III

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

21. What is Buy-back of shares? Explain the methods of Buy-back.
22. Briefly state the objectives, measurement, recognition requirements under Ind AS 20.
23. What is sinking fund account? What is the significance of sinking fund method of redemption of debenture?
24. What is slip system of posting? Explain the advantages of slip system.
25. The following information is available in the books of SJ bank Ltd as on 31st March 2017.

	Rs.
Bill discounted	1,37,05,000
Rebate on bill discounted(as on 1.4.2016)	2,21,600
Discount received	10,56,650

Details of Bills discounted are as follows:

Value of Bill	Due date	Rate of discount
18,25,000	5.6.2017	12%
50,00,000	12.6.2017	12%
28,20,000	25.6.2017	14%
40,60,000	6.7.2017	16%

Calculate the rebate on Bills Discounted as on 31.03.2017 and give journal entries.

26. A Ltd. acquired 75% of the entity of B Ltd. On 30-04-2018. The statements of profit or loss of the two companies for the year ended 31-12-2018 are given below:

	A Ltd	B Ltd
Sales revenue	12,00,000	8,00,000
Cost of sales	<u>6,00,000</u>	<u>3,00,000</u>
G/P	6,00,000	5,00,000
Other Income (dividend received from B Ltd.)	<u>25,000</u>	-----
	6,25,000	5,00,000
Administrative expenses	<u>1,40,000</u>	<u>90000</u>
Profit before Tax	4,85,000	4,10,000
Income Tax	<u>1,15,000</u>	<u>84,000</u>
Profit for the year	3,70,000	3,26,000
Note : Dividend paid (up to 31 st December)	<u>50,000</u>	<u>30,000</u>
Profit Retained	3,20,000	2,96,000
Retained Earnings b/f	<u>3,10,000</u>	<u>2,00,000</u>
Retained Earnings c/f	<u>6,30,000</u>	<u>4,96,000</u>

Prepare the consolidated statement of profit or loss. Also prepare an extract of retained earnings from the statement of changes in Equity.

27. Prepare the Fire Insurance Revenue A/c as per IRDA regulations for the year ended 31st March 2016 from the following details :

	Amount		Amount
Claims paid	490000	Expenses of management	200000
Legal expenses Regarding claims	10000	Provision against unexpired Risk	
Premiums Received	1300000	On 1 st April 2015	550000
Re-insurance premium paid	100000	Claims unpaid on 1 st April 2015	50000
commission	300000	Claims unpaid on 31 st March 2016	80000

28. A company has accumulated large profits in the Reserve account. The board of Directors decides to utilize a part of this reserve in order to make the capital properly representative of the financial position.

The paid up share capital of company is 10,00,000 consisting 70,000 Equity shares of Rs. 10 each fully paid and 50,000 equity shares of Rs. 10 each 6 per share paid up.

The directors decide to issue one fully paid up bonus share at a premium of Rs. 5 for every fully paid share held and to make the partly paid up shares fully paid.

At the date of allotment of the bonus shares the market value of the above equity shares stands at Rs. 25. It has accumulated profit to the credit of its profit and loss account of Rs. 8,00,000. Free Reserve 15,00,000.

Assuming that the scheme is accepted and the all legal formalities are gone through. Pass necessary journal entries showing the two type of issue stated above.

(6 × 4 = 24 Marks)

Part IV

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

29. Define holding company. How does it come into existence? Why is consolidation of financial statements of a holding company with its subsidiary necessary?

30. Following figures are extracted from the books of the ABC Bank Ltd. as on 31st March 2018:

	(’000)		(’000)
Interest and Discount received	3695	Payment to employees	300
Interest paid on deposits	2032	Director’s fees	30
Issued and subscribed capital	1000	Rent and tax paid	100
Statutory Reserve	700	Postage	50
Commission, exchange & brokerage	200	Depreciation Banks property	30
Rent received	50	Stationary	50
Profit on sale of investment	200	Advertisement	10
Audit fees	5		

The further information is given:

- (a) A customer to whom a sum of Rs 10,00,000 has been advanced has become insolvent and it is expected only 50% can be recovered from his estate. Interest due at 18% on his debt has not been provided in the books
- (b) There were also other debts for which a provision of Rs 1,50,000 was found necessary by the auditors.

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- (c) Rebate on bills discounted as on 1st April 2016 Rs 16,000. Rebate on bills discounted as on 31st March 2017 Rs 12,000
 - (d) Provide Rs 650000 for income tax
 - (e) The directors desire to declare 10% dividend.
- Prepare profit and loss Account in accordance with Law.

31. Following balances appeared in the books of New Electric Supply Corporation Ltd. As on 31st March 2018:

	Dr.	Cr.
Equity shares		7,00,000
Debentures		1,00,000
Mains on 31-3-2017	1,60,000	
Mains during the years	76,000	
Land on 31-3-2017	2,60,000	
Land purchased during the year	60,000	
Machinery on 31-3-2017	4,50,000	
Machinery purchased during the year	66,000	
Sundry creditors		1,000
Depreciation fund account		2,50,000
Sundry debtors for the current supplied	40,000	
Other book debts	500	
Stores in hand	6,000	
Cash in hand	4,000	
Cost of generation	40,000	
Cost of distribution	9,000	
Sale of current		1,50,000
Meter rent		5,000
Rent ,rates and tax	12,000	
Establishment expenses	11,000	
Interest on debentures	10,000	
Interim dividend	20,000	
Depreciation	20,000	
Net revenue account balance on 31-3-1017		28,500
	<u>12,34,500</u>	<u>12,34,500</u>

From the above given balances prepare Revenue Account, Net Revenue Account, Capital Account and General Balance Sheet.

(2 × 15 = 30 Marks)
