

Preference shares are to be redeemed on 1<sup>st</sup> April 2016 at a premium of 7.5%. In order to facilitate the redemption the company decided:

- To sell the investments for Rs.5,20,000
- To finance part of redemption from company's funds
- To issue sufficient equity shares at a premium of Rs.1 per share to raise the balance of funds required.
- Minimum bank balance to be retained at Rs.21,000. The investments were sold, the equity shares were fully subscribed and the preference shares were duly redeemed except of 100 preference shares that were not traced.

31. Following balances appeared in the books of Indian Electric Supply Company as on 31<sup>st</sup> March, 2016

	Dr. Rs.	Cr. Rs.
Equity Shares		3,00,000
Debentures		1,00,000
Land as on 31-3-2015	75,000	
Land purchased during the year	30,000	
Mains including cost of laying to 31-3-2015	80,000	
Mains expended during the year	38,000	
Machinery on 31-3-2015	2,75,000	
Machinery purchased during the year	33,000	
Sundry creditors		500
Depreciation Fund account		1,25,000
Sundry debtors for current supplied	20,000	
Other book debts	250	
Stores in hand	3,000	
Cash in hand	2,000	
Cost of generation of electricity	15,000	
Cost of distribution of electricity	4,500	
Sale of current		75,000
Meter rent		2,500
Rent, rates and taxes	6,000	
Establishment expenses	10,500	
Interest on debentures	5,000	
Interim dividend	10,000	
Depreciation	10,000	
Net Revenue Account balance on 31-3-2015		14,250
	6,17,250	6,17,250

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

(2 x 15 = 30 Marks)

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(Pages: 4)

Name: .....

Reg. No.....

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

(Supplementary/Improvement)

(CUCBCSS-UG)

**CC16U BC3 B04 - CORPORATE ACCOUNTING**

(Core Course)

(2016 Admission)

Time: Three Hours

Maximum: 80 Marks

**PART A**

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

Fill in the blanks:

- Preference shareholders are entitled to a fixed rate of .....
- The insurance policies which are settled only on maturity or death of the insured, whichever is earlier, are called .....
- The buyback of own shares should not exceed .....% of paid up capital and free reserves.
- Minority interest is also known as .....
- Under double account system, fixed assets are shown at .....

State whether true or false:

- Valuation balance sheet is prepared by a banking company.
- Financing activities are the principal revenue producing activities of an entity.
- Ind AS 100 deals with Government grants.
- The post-acquisition profit is treated as capital profit.
- Under double account system, Depreciation Reserve appears on the liability side of the general balance sheet.

(10 x 1 = 10 Marks)

**PART B**

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

- What is operating lease?
- What is capital redemption reserve?
- What is annuity?
- What is meant by right issue of shares?
- What is share based transaction?
- What do you mean by clear profits?
- What are 'own debentures'?
- What is consolidation of shares?
- What are loss assets?
- What is meant by business combination?

(8 x 2 = 16 Marks)

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**Turn Over**

**PART C**

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

21. What are the important provisions with regard to redemption of preference shares?
22. What do you mean by bonus shares? What are the various sources from which these are issued?
23. What is double account system? How it is different from single account system?
24. The nominal value of the equity shares of a company is Rs.30 and the current market price is Rs.120. The company issues right shares at the rate of 1 equity share for every 2 existing shares held, the right shares being issued at a premium of 10%. Calculate the value of right and the percentage increase in share capital.

25. P Ltd. leased a machinery to Q Ltd on the following terms:

Fair value	21 lakhs
Lease term	10 years
Lease rental per annum	1,65,000
Expected residual value	1,50,000
Guaranteed residual value	80,000
Internal Rate of return	16%
Present value of minimum lease payments at 16%	13,35,000

Calculate the value at which the asset should be recognised?

26. H Ltd. acquired 60% of the share capital of S Ltd. the balance sheet of S Ltd. is given below:

<u>Assets:</u>	Rs.
Non-Current Assets	5,00,000
Current Assets	3,00,000
Total Assets	<u>8,00,000</u>
<u>Equity and Liabilities:</u>	
Equity:	
Share Capital (Rs.10 each)	4,00,000
Reserves	1,50,000
Liabilities:	
Non-Current Liabilities	75,000
Current Liabilities	1,75,000
	<u>8,00,000</u>

Calculate Non- Controlling Interest

27. The Indian Gas Company rebuilt their works with double the capacity at a cost of Rs.8,00,000. The cost of the part of old works was Rs.3,50,000. In working with the new works, old material of Rs.15,000 was reused and material worth Rs.25,000 was sold away. The cost of labour and material are 50% higher now than when the old works were built. Give journal entries.

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28. S Ltd had issued 50,000 shares of Rs.10 each, Rs.7 per share paid-up. The company passed the following resolutions:

- (i) All existing shares to be made fully paid-up without shareholders having to pay anything.
- (ii) That further 10,000 fully paid bonus shares of Rs.10 each at a premium of Rs.5 per share be issued to the existing shareholders.

The Company had the following balances:

Security Premium account Rs.1,00,000; Capital Redemption Reserve Rs.50,000 and Profit & Loss account (Cr.) Rs.1,75,000. Pass journal entries. **(6 x 4 = 24 Marks)**

**PART D**

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

29. From the following ledger balances as at 31<sup>st</sup> March 2016 and information given below, prepare consolidated balance sheet

Cr. Balances	H Ltd	S Ltd.	Dr. Balances	H Ltd	S Ltd.
Share Capital	10,00,000	2,00,000	Sundry Assets	8,00,000	1,20,000
Surplus A/c	4,00,000	1,20,000	Stock	6,10,000	2,40,000
Reserve	1,00,000	60,000	Debtors	1,30,000	1,70,000
Creditors	2,00,000	1,20,000	Bills Receivable	10,000	--
Bills Payable	--	30,000	Shares in S Ltd. 15,000 at cost	1,50,000	--
	17,00,000	5,30,000		17,00,000	5,30,000

- (i) All the profit of S Ltd. has been earned since the shares were acquired by H Ltd. but there was already the reserve of Rs.60,000 at that date.
- (ii) The bills accepted by S Ltd. Rs.10,000 are in favour of H Ltd.
- (iii) Sundry assets of S Ltd. are undervalued by Rs.20,000
- (iv) The stock of H Ltd. includes Rs.50,000 bought from S Ltd. at a profit to the latter of 25% on cost.

30. The liabilities and assets of PQR Ltd as on 31<sup>st</sup> March 2016 are given below

Liabilities	Rs.	Assets	Rs.
7% Redeemable Preference Shares of Rs.100 each, fully paid	13,00,000	Sundry Assets	19,00,000
Equity Shares of Rs.5 each fully paid up	4,50,000	Investments	5,50,000
General Reserve	2,00,000	Cash at Bank	1,35,000
Surplus Account	5,20,000		
Sundry Creditors	1,15,000		
	25,85,000		25,85,000

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**Turn Over**