

At the date of acquisition of A. Ltd. of its holding of 40,000 shares in B. Ltd., the latter company had undistributed profits and reserves amounting to Rs. 1,00,000, none of which has been distributed since then.

30. The following are the ledger balances of Prosperous Bank Ltd. Prepare the P&L a/c and B/S as on 31<sup>st</sup> march 2020

Share capital (20,000 shares of Rs.100 each)	20,00,000
Reserve Fund Investment	10,00,000
General Expenses	1,82,000
Current Accounts	2,02,44,000
Interest paid	1,61,000
Savings Bank Account	29,20,000
Fixed Deposits	40,00,000
Profit & Loss, balance brought forward	2,30,000
Discount received	1,80,000
Rebate on bills discounted	64,000
Commission, Exchange and Brokerage	44,000
Cash	2,27,000
Interest received	5,32,000
Cash with RBI	20,12,000
Owings by foreign correspondents	2,00,000
Short loans	64,82,000
Loans and advances to customers	1,55,85,000
Investments	98,83,000
Bills discounted	62,28,000
Premises	22,18,000

Note:

- (1) Provision for bad and doubtful debts required Rs. 1,29,000
- (2) The bank had bills for collection for its constituents Rs. 5,00,000 and acceptances, endorsements and guarantees Rs. 1,60,000
- (3) The profit and loss account balance is the balance left on that account after the payment of interim dividend amounting to Rs. 2,00,000

31. Explain the special features of preparing final accounts and appropriation of profits in case of Electricity companies.

(2 × 15 = 30 Marks)

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(Pages: 4)

Name: .....

Reg. No: .....

**THIRD SEMESTER B.Com. PROFESSIONAL DEGREE EXAMINATION, NOV 2022**

(CUCBCSS-UG)

(Regular/Supplementary/Improvement)

**CC17U BCP3 B09 - CORPORATE ACCOUNTING**

(Core Course)

(2017 Admissions onwards)

Time: Three Hours

Maximum: 80 Marks

**PART - A**

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

1. Bonus issue is also called -----
  - (a) Right Issue
  - (b) Capitalisation of Profit
  - (c) Redemption of shares
  - (d) Reduction of capital
2. Balance of revenue account of a life insurance company is -----
  - (a) Net Profit
  - (b) Surplus
  - (c) Life Assurance Fund
  - (d) Bonus
3. Reversionary bonus is paid -----
  - (a) At the time of taking policy
  - (b) Every year
  - (c) Half yearly
  - (d) Along with policy amount
4. Double accounts are prepared by -----
  - (a) Banking companies
  - (b) Insurance companies
  - (c) Public utility concerns
  - (d) Private companies
5. Ind AS 17 deals with -----
  - (a) Accounting for Leases
  - (b) Government grants
  - (c) Bonus issue
  - (d) Share based payments
6. Banking companies should start ----- % of their profit to statutory reserve
7. DRR represents -----
8. Holding company is also called -----
9. Assets which do not provide any income to a banking company is called -----
10. Excess amount paid on a business purchase than the value of net asset is called -----

(10 × 1 = 10 Marks)

**PART - B**

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

11. What is rebate on bills discounted?
12. What is Non-performing asset?

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**Turn Over**

13. What is valuation balance sheet?
14. What do you mean by redemption of preference shares?
15. What do you mean by pre-acquisition profit?
16. What is surrender value?
17. What is Employee Stock Option?
18. A Ltd. purchased its own 12% debentures of Rs.30,000 for investment purpose at Rs.98 on 1<sup>st</sup> April 2020. Interest is payable on 30<sup>th</sup> June and 31<sup>st</sup> December every year. Give entries in the books of A. Ltd. if the quotation is: (a) Ex-interest and (b) Cum-interest.
19. A company decided to make a right issue in the proportion of one new share of Rs.200 each at a premium of Rs.50 each to the shareholders for every three existing shares. The market value of the shares at the time of right issue is Rs.500 each. Calculate the value of right.
20. X Limited decided to redeem 1,000 6% preference shares of Rs.100 each at par. For this, the company decided to issue sufficient number of equity shares of Rs.10 each at par. Show journal entries in the books of the company.

(8 × 2 = 16 Marks)

**PART – C**

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

21. Explain different types of life insurance policies.
22. What are the conditions for redemption of preference shares?
23. Briefly explain the advantages of buy-back of shares
24. Explain the classification of bank advances.
25. From the following details of Safety Bank Ltd., calculate rebate on bills discounted and show the journal entry.

The following bills are discounted at 5%:

Discounted on	Amount (Rs.)	Term (Months)
23-12-2020	50,000	3
19-09-2020	1,00,000	4
20-10-2020	4,00,000	3
30-11-2020	30,000	5

26. A life insurance company gets its valuation made once in every two years. Its Life Assurance Fund on 31<sup>st</sup> December 2020 amounted to Rs. 80,00,000 before providing Rs. 80,000 for the share holders' dividend for the year 2020. Its actuarial valuation done on 31<sup>st</sup> December 2020, disclosed a net liability of Rs. 76,00,000 under assurance annuity contract. An interim bonus of Rs. 1,00,000 was paid to the policy holders during the year. Prepare a statement showing the amount now available as bonus to policy holders.

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27. A life insurance company disclosed a fund of Rs. 30,00,000 on 31<sup>st</sup> December, 2020 before taking into consideration the following:
  - a. A claim of Rs. 20,000 was intimated and admitted but not paid during the year
  - b. A claim of Rs. 8,000 outstanding in the books for 8 years is written back
  - c. Premium of Rs. 1,000 is payable under re-insurance
  - d. Reinsurance recoveries Rs. 30,000
  - e. Bonus utilized in reduction of premium Rs. 8,000
  - f. Agent's commission to be paid Rs. 7,000

Pass necessary journal entries for the above and re-compute the fund

28. Moon and Lal 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, Rs.8 paid up. It has Rs. 40,000 in Capital Reserve, Rs. 90,000 in Security Premium Reserve Account, Rs.1,40,000 in Capital Redemption Reserve Account and Rs. 3,00,000 in General Reserve.

By way of bonus dividend, the partly paid up shares are converted into fully paid up shares and the holders of fully paid up shares are also allotted fully paid up bonus shares in the same ratio.

Securities Premium Reserve Account includes a premium of Rs.50,000 for shares issued to vendors pursuant to a scheme of absorption.

Pass journal entries for bonus issue with minimum reduction in free reserves.

(6 × 4 = 24 Marks)

**PART – D**

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

29. From the liabilities and assets as on 31<sup>st</sup> March,2020 given below, prepare a consolidated Balance Sheet of A. Ltd. and its subsidiary company B. Ltd.

Liabilities	A. Ltd.	B. Ltd.	Assets	A. Ltd.	B. Ltd.
Share capital:			Land & Building	6,40,000	2,00,000
Shares of Rs.10	25,00,000	6,00,000	Machinery	12,60,000	3,40,000
Each	3,60,000	1,20,000	Furniture	1,40,000	60,000
General Reserve	2,40,000	1,80,000	40,000 shares in	5,00,000	
Surplus A/C	3,50,000	1,00,000	B Ltd.		
Trade Creditors			Stock in hand	4,10,000	2,50,000
			Debtors	3,80,000	1,00,000
			Bank	1,20,000	50,000
	34,50,000	10,00,000		34,50,000	10,00,000

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**Turn Over**