

28. Reliance Ltd. rebuilt and re- equipped a part of their works at a cost of Rs. 8 crores. The part of the old works thus superceded cost Rs. 4 crores. The capacity of the works is double the capacity of the old works. Rs. 50 lakhs was realised by the sale of old materials and materials worth Rs. 35 lakhs were used in the construction of the new works and included in the total cost of Rs. 8 crores. The cost of materials and labour are 50% higher than what it was when the old works were built. Journalise the transactions.

(6 × 4 = 24 Marks)

**Part-IV**

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

29. H L td. Acquired all the shares in S Ltd. on 1<sup>st</sup> January, 2020 and liabilities and assets of the two companies on 31<sup>st</sup> March 2020 were as follows:

Liabilities	H Ltd.	L Ltd.	Assets	H Ltd.	L Ltd.
Share capital	50,000	30,000	Sundry assets	65,000	70,000
Reserve on 1-4-2015	20,000	15,000	Shares in S Ltd. at cost	50,000	-
Surplus a/c	25,000	10,000			
Sundry creditors	<u>20,000</u>	<u>15,000</u>			
	<u>1,15,000</u>	<u>70,000</u>		<u>1,15,000</u>	<u>70,000</u>

Surplus of S Ltd. had a credit balance of ₹ 3,000 on 1<sup>st</sup> April 2019. Prepare a consolidated balance sheet as on 31<sup>st</sup> March 2020.

30. a. Explain the measurement of an item of Prroperty, Play and Equipment.  
 b. Pooja Ltd. set up safety devices around its factory. The price paid for the device is Rs. 2,20,000including a VAT of Rs, 20,000. The entity gets a credit of Rs. 20,000 while calculating the tax payable on the finished goods sold. The company spent Rs. 5,000 on freight and Rs. 7,000 as import duty and Rs. 2,000 as installation expenses. What is the cost of the newly set up safety devices?

31. Prepare Balance Sheet of the company as per Ind AS 1 whose details are given below: Equity capital- Rs. 20,00,000, Securities premium- Rs. 4,00,000, 12% debentures- Rs. 8,00,000, creditors- Rs. 4,00,000, proposed dividend- Rs. 1,00,000, surplus- Rs. (1,00,000), land and building- Rs. 18,00,000, government bond- Rs. 10,00,000, capital work-in-progress (building)- Rs. 7,00,000 and cash at bank- Rs. 1,00,000. Debentures were issued on 1<sup>st</sup> April 2019 redeemable after 5 years.

(2 × 15 = 30 Marks)

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**21U348S**

(Pages: 4)

Name: .....

Reg. No: .....

**THIRD SEMESTER B.Com. DEGREE EXAMINATION, NOVEMBER 2022**

(CUCBCSS-UG)

**CC17U BC3 B04 - CORPORATE ACCOUNTING**

(Commerce – Core Course)

(2017, 2018 Admissions – Supplementary/Improvement)

Time : Three Hours

Maximum : 80 Marks

**Part-I**

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

Choose the correct answer:

- Ind AS 16 deals with .....  
 a. inventory  
 b. intangible assets  
 c. borrowing costs  
 d. property, plant and equipment
- ..... is a lease that transfers substantially all the risks and rewards incidental to the ownership of the asset to the lessee.  
 a. finance lease  
 b. operating lease  
 c. sale and lease back  
 d. none of these
- Subsequent issue of shares by an existing company to its existing shareholders is known as .....  
 a. right issue  
 b. bonus issue  
 c. private issue  
 d. employee stock option scheme
- Premium on redemption preference shares can be provided out of divisible profit or .....  
 a. fresh issue of shares  
 b. fresh issue of debentures  
 c. divisible profits  
 d. all of these
- IFRS ..... deals with business combinations.  
 a. 3  
 b. 5  
 c. 11  
 d. 7

Fill in the blanks:

- Inventory is measured at cost or net realisable value whichever is .....
- Buy back is a method of cancellation of .....
- Lease payments to the lessor under an operating lease is recognized in the Statement of .....
- Minority interest in a subsidiary company is also known as .....

(1)

**Turn Over**

10. Under double account system, the balance sheet has two parts namely, Capital Account and .....

(10 × 1 = 10 Marks)

**Part-II**

Answer any *eight* questions in two or three sentences. Each question carries 2 marks.

11. What are borrowing costs?
12. What is meant by investment property?
13. What is a sale and lease back transaction?
14. What is non- controlling interest?
15. What do you mean by surplus of an electricity company?
16. What do you mean by pre acquisition profit?
17. What are divisible profits?
18. What are bonus shares?
19. What are Group Financial Statements?
20. What is double account system?

(8 × 2 = 16 Marks)

**Part-III**

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

21. Explain the provisions regarding redemption of preference shares
22. Distinguish between shares and debentures.
23. Explain the methods of redemption of debentures.
24. PQR Ltd. is planning to raise funds by making right issue of equity shares to finance its expansion. The existing equity share capital of the company is Rs. 40,00,000. The market value of its share is Rs. 35. The company offers to its shareholders the right to buy 2 shares at Rs. 11 each for every 5 shares held. Calculate theoretical market price after right issue and the value of right.
25. Devi Ltd. had a paid-up capital of Rs. 6,10,000 consisting of 40,000 equity shares of ₹ 10 each fully paid-up and 30,000 equity shares of ₹ 10 each, ₹ 7 per share paid-up. The general reserve of the company stood at ₹ 7,00,000. The directors decided to issue one fully paid-up bonus share at a premium of ₹ 5 per share for every fully paid shares held and to make the partly paid-up shares, fully paid-up. At the date of allotment of the bonus shares, the market value of equity shares is ₹ 28. Assuming that all legal formalities are complied with, pass necessary journal entries in the books of the company.

(2)

26. The following is the Balance sheet of XYZ Ltd:

Particulars	Note No.	Rs.
I. Equity and Liabilities:		
1. Shareholders fund		
Share capital	1	5,40,000
2. Non- current liabilities		
8% Debentures		3,60,000
3. Current liabilities		
Creditors		<u>20,000</u>
		<u>9,20,000</u>
II. Assets:		
1. Non- Current Assets		
Tangible assets- Fixed assets		6,00,000
2. Current Assets		
Inventory		1,00,000
Bank		<u>2,20,000</u>
		<u>9,20,000</u>

Note No. 1- Share Capital

Share Capital:	
20,000 Equity shares of Rs. 20 each	4,00,000
20,000 Preference shares of Rs. 10, Rs. 7 called up	1,40,000
	<u>5,40,000</u>

The company decided to redeem its preference shares at par. The company decided to issue 10,000 equity shares of Rs. 20 each at a premium of Rs. 5 per share for the purpose of redemption. Give journal entries and show the Balance Sheet after the redemption.

27. MN Ltd is having an asset carrying amount of which is Rs. 50 lakhs on 31.3.2020. The useful life of the asset is five years and residual value at the end of fifth year is Rs. 2 lakhs. Estimated future cash flow from using the plant in next 5 years are :-

For the year ended on	Estimated cash flow (Rs.in Lakhs)
31.3.21	20
31.3.22	15
31.3.23	13
31.3.24	10
31.3.25	7

If discount rate is 12%, calculate the impairment loss if the net selling price of the asset on 30.3.2020 is Rs.10 lakhs.

(3)

**Turn Over**