

22U330

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Name:

Reg. No:

THIRD SEMESTER B.Com. DEGREE EXAMINATION, NOVEMBER 2023

(CBCSS - UG)

(Regular/Supplementary/Improvement)

CC19U BCM3 B04 / CC20U BCM3 B04 – CORPORATE ACCOUNTING

(Commerce: Finance / Taxation – Core Course)

(2019 Admission onwards)

Time: 2.5 Hours

Maximum: 80 Marks

Credit: 4

Part A (Short answer questions)

Answer *all* questions. Each question carries 2 marks.

1. What do you mean by irredeemable debentures?
2. What do you mean by redemption of debentures by conversion?
3. What is cum- interest quote of a debenture?
4. What is the purpose for which CRR can be used?
5. What are non-banking assets?
6. Mention any two provisions on issue of bonus shares.
7. What are the sources of funds that can be used for the issue of bonus shares?
8. Mention any two provisions on buy back of shares.
9. A company had issued 2,00,000 equity shares of Rs. 10 each at par. The company has now decided to buy back 50,000 equity shares at Rs. 9 per share. For this purpose, the company issued 60,000 10% preference shares of Rs. 10 each at a premium of Rs. 2 per share. Pass the entries for recording buy back.
10. What is pre- emptive right?
11. Give any two differences between bonus shares and right shares.
12. Explain schedule 14 of the financial statement of a bank?
13. Explain schedule 3 of the financial statement of a life insurance company?
14. What is a parent company?
15. What is reporting period?

(Ceiling: 25 Marks)

Part B (Paragraph questions)

Answer *all* questions. Each question carries 5 marks.

16. H Ltd. offers new shares of Rs.100 each at 10% premium to its existing shareholders in the ration of 4 shares for every 5 shares held. The market price of shares is Rs.150. Calculate the value of right.
17. Mention any two disclosure related accounting standards.

(1)

Turn Over

18. The following is the Balance sheet of Saptha Ltd:

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| Particulars | Note No. | Rs. |
|-----------------------------------|----------|------------------|
| I. Equity and Liabilities: | | |
| 1. Shareholders fund | | |
| Share capital | 1 | 15,40,000 |
| 2. Non- current liabilities | | |
| 8% Debentures | | 13,60,000 |
| 3. Current liabilities | | |
| Creditors | | <u>20,000</u> |
| | | <u>29,20,000</u> |
| II. Assets: | | |
| 1. Non- Current Assets | | |
| Tangible assets- Fixed assets | | 16,00,000 |
| 2. Current Assets | | |
| Inventory | | 11,00,000 |
| Bank | | <u>2,20,000</u> |
| | | <u>29,20,000</u> |

Note No. 1- Share Capital

| | |
|---|------------------|
| Share Capital: | |
| 70,000 Equity shares of Rs. 20 each | 14,00,000 |
| 20,000 Preference shares of Rs. 10, Rs. 7 called up | 1,40,000 |
| | <u>15,40,000</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.

19. Explain the various sources of funds for redemption of preference shares.

20. What is bonus issue of shares? Explain the advantages of bonus issue.

21. Savio Ltd. had a paid-up capital of Rs. 6,10,000 consisting of 40,000 equity shares of Rs. 10 each fully paid-up and 30,000 equity shares of Rs. 10 each, Rs. 7 per share paid-up. The general reserve of the company stood at Rs. 7,00,000.

The directors decided to issue one fully paid-up bonus share at a premium of Rs. 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 Rs. 28.

Assuming that all legal formalities are complied with, pass necessary journal entries in the books of the company.

26. The following is the balance sheet XYZ Ltd. As on 31.03.2015

| Particulars | Note No | Rs. |
|----------------------------------|---------|------------------|
| 1. Equity and liabilities | | |
| 1. Shareholders funds | | |
| a. Share capital | 1 | 15,00,000 |
| b. Reserves and surplus | 2 | 8,60,000 |
| 2. Non-current liabilities | | 3,00,000 |
| 3. Current liabilities | | 3,50,000 |
| Total | | 30,10,000 |
| 2. Assets | | |
| 1. Fixed assets | 3 | 20,00,000 |
| 2. Current assets | | 10,10,000 |
| Total | | 30,10,000 |

Notes

| | |
|--|------------------|
| 1. Share capital | Rs. |
| Authorised capital | |
| 60,000 8% preference shares of Rs. 10 each | <u>6,00,000</u> |
| 2,00,000 equity shares of Rs. 10 each | <u>20,00,000</u> |
| Issued, subscribed and called up capital | |
| 50,000 8% preference shares of Rs. 10 each | 5,00,000 |
| 1,00,000 equity shares of Rs. 10 each | 10,00,000 |
| Total | 15,00,000 |
| 2. Reserves and surplus | |
| General reserve | 8,00,000 |
| Reserve fund | 60,000 |
| Total | 8,60,000 |
| 3. Fixed assets | |
| Machinery | 12,00,000 |
| Land & buildings | 8,00,000 |
| Total | 20,00,000 |

The company resolved to purchase a new machinery for Rs. 1,00,000 for which it allots 10,000 8% preference shares of Rs. 10 each to the vendors. The company also resolved to issue bonus shares @ one share of Rs. 10 each for every 2 shares held out of general reserve. Pass necessary journal entries and show the balance sheet of the company after the bonus issue.

27. Explain i) Accounting policies, and ii) Accounting estimates

(2 × 10 = 20 Marks)

22. From the following information, find out the amount of provision to be shown in the profit and loss account of a commercial Bank:

| Rs. In lakhs | |
|---------------------------------------|-------|
| Assets: | |
| Standard | 8,000 |
| Sub-standard | 6,000 |
| Doubtful: | |
| For one year (unsecured 10%) | 1,000 |
| For two year (unsecured 20%) | 1,600 |
| For more than three years (no surety) | 400 |
| Loss assets | 1,200 |

23. The life fund of a life assurance company was Rs. 96,48,000 as on 31st March 2010. The interim bonus paid during the inter valuation period was Rs. 1,48,000. The periodical actuarial valuation determined the net liability at Rs. 74,25,000. Surplus brought forward from the previous valuation was Rs. 9,50,000. The directors of the company proposed to carry forward Rs. 9,31,000 and to divide the balance between the shareholders and the policyholders in the ratio of 1: 10.
- Show:
- (a) the valuation balance sheet (b) the net profit for the valuation period; and (c) the distribution of the surplus.

(Ceiling: 35 Marks)

Part C (Essay questions)

Answer any *two* questions. Each question carries 10 marks.

24. The following is the Balance sheet of Cee Cee Ltd:

| Particulars | Note No. | Rs. |
|----------------------------|----------|-----------------|
| i. Equity and Liabilities: | | |
| 1. Shareholders fund | | |
| Share capital | 1 | 2,90,000 |
| Surplus | | 48,000 |
| 2. Current liabilities | | |
| Creditors | | <u>56,500</u> |
| | | <u>3,94,500</u> |
| ii. Assets: | | |
| 1. Non- Current Assets | | |
| Fixed assets | | 3,45,000 |
| Investments | | 18,500 |
| 2. Current Assets | | |
| Bank | | <u>31,000</u> |
| | | <u>3,94,500</u> |

Note No. 1- Share Capital

| | |
|---|----------|
| Share Capital: | |
| 4,500 Equity shares of Rs. 50 each | 2,25,000 |
| 650 7% Preference shares of Rs. 100 each fully paid | 65,000 |
| | 2,90,000 |

In order to facilitate redemption of preference shares, the company decided to:

- Sell its investments for Rs. 16,000
- Finance a part of the redemption out of the company's funds, subject to leaving a balance of Rs. 12,000 in the Surplus a/c
- Issue necessary equity shares of Rs. 50 each at a premium of 13 per share to raise the balance of funds required.

The preference shares were redeemed on the due date and the issue of equity shares was fully subscribed. You are required to prepare:

- Journal entries to record the above transactions, and
- The Balance Sheet after redemption.

25. The following are the statement of financial position of Chand Ltd. and its subsidiary Ind Ltd. As on 31st March 2021.

| | Chand Ltd. | Ind Ltd. |
|--|-----------------|-----------------|
| Equity and liabilities | | |
| 1. Shareholders funds | | |
| Equity Share capital | 5,00,000 | 2,00,000 |
| Reserves and surplus | 2,00,000 | 50,000 |
| 2. Non-Current liabilities | | |
| 6% debentures | 1,00,000 | |
| 3. Current liabilities | | |
| Trade payable | <u>1,70,000</u> | <u>1,35,000</u> |
| | <u>9,70,000</u> | <u>3,85,000</u> |
| Assets | | |
| 1. Non-current Assets | | |
| Fixed assets | 6,50,000 | 2,05,000 |
| Non-current investments at cost (16,000 shares of Rs. 10 each in Ind Ltd. at cost, acquired on 31 st March 2021) | 2,20,000 | |
| 2. Current assets | | |
| Stock in trade | 60,000 | 80,000 |
| Trade receivables | <u>40,000</u> | <u>1,00,000</u> |
| | <u>9,70,000</u> | <u>3,85,000</u> |

Prepare consolidated balance sheet as on 31st March 2021.