

**THIRD SEMESTER B.Com. DEGREE EXAMINATION, NOVEMBER 2025**

(CBCSS - UG)

**CC19UBCM3B04 / CC20UBCM3B04 - CORPORATE ACCOUNTING**

(Commerce : Finance / Taxation - Core Course)

(2019 to 2023 Admissions - Supplementary/Improvement)

Time : 2.5 Hours

Maximum : 80 Marks

Credit : 4

**Part A (Short answer questions)**

Answer all questions. Each question carries 2 marks.

1. What is sinking fund?
2. Adam Ltd. converts 800, 12% debentures of Rs. 100 each issued at a discount of 10% into equity shares of Rs. 10 each, fully paid up. Journalise the conversion.
3. What are the sources of funds that can be used for paying premium on redemption of preference shares?
4. What is bonus issue?
5. Name any two reserves that cannot be used for bonus issue.
6. What is the limit on buy back of shares that can be made by a company?
7. What are the sources of buy back of shares?
8. What is value of right?
9. What are non-banking assets?
10. What are standard assets?
11. What is a claim?
12. Explain schedule 8 of the financial statement of a life insurance company?
13. Differentiate between a parent company and a subsidiary company?
14. What is segment reporting?
15. What are prior period errors?

**(Ceiling: 25 Marks)****Part B (Paragraph questions)**Answer ***all*** questions. Each question carries 5 marks.

16. Explain the provisions regarding Debenture Redemption Reserve.

17. On 1st January, 2015 Hues Ltd. issued Rs. 2,50,000 11% debentures at a discount of 5% repayable as follows: On 31st December, 2015 - Rs. 50,000, on 31st December 2016-Rs. 70,000, on 31st December 2017- Rs. 80,000 and on 31st December, 2018- the balance outstanding. Show the amount of discount to be written off in each of these four years.

18. On 1st January 2019, Don Ltd. issued Rs. 1,00,000 6% debentures of Rs. 100 each. The interest is payable on 30th June and 31st December every year. On 31st May, 2019 the company purchased, by cheque in the open market, Rs. 20,000 debentures at Rs. 98 cum- interest, on 1st August, 2019 Rs. 40,000 debentures at Rs. 100.25 cum- interest and on 15th December, 2019 Rs. 10,000 debentures at Rs. 98.5 ex- interest. Show the 6% debenture a/c as it would appear in the books of the company.

19. Sohar Ltd. had the following ledger balances:

|  |               |
|--|---------------|
| Equity share capital                       |               |
| (50,000 shares of ₹ 8 per share called up) | Rs. 40,00,000 |
| General reserve                            | Rs. 10,00,000 |
| Securities premium                         | Rs. 16,00,000 |
| Capital redemption reserve                 | Rs. 14,00,000 |

The company decided to declare bonus shares in the following manner.

(a) To make the shares fully paid

(b) To issue 3 fully paid bonus shares of Rs. 10 each for 5 fully paid existing shares.

Give journal entries in the books of Sohar Ltd. to give effect to the above adjustments.

20. What are the advantages of right issue?

21. Given below is interest on advances of a commercial bank.

|                                | (Rs. in lakhs)    |                   |                 |                   |
|--------------------------------|-------------------|-------------------|-----------------|-------------------|
|                                | Performing assets |                   | NPA             |                   |
|                                | Interest earned   | Interest received | Interest earned | Interest received |
| Term loans                     | 200               | 150               | 140             | 10                |
| Cash credits & overdrafts      | 1,400             | 1,200             | 300             | 25                |
| Bills purchased and discounted | 300               | 300               | 150             | 40                |

Calculate the amount of interest to be recognised as income.

22. A life insurance company gets its valuation made once in every two years. Its life assurance fund on 31<sup>st</sup> March 2010, amounted to Rs. 71,40,000 before providing Rs. 300,000 for the shareholders dividend for the year 2009-10. Its actuarial valuation due on 31<sup>st</sup> March 2010 disclosed a net liability of Rs. 70,00,000 under assurance annuity contracts.

An interim bonus of Rs. 600,000 was paid to the policyholders during the year ending 31<sup>st</sup> March 2010. Prepare a statement showing the amount now available as bonus to policyholders.

23. Explain the treatment of pre- acquisition profit and post acquisition profit while preparing consolidated balance sheet.

(Ceiling: 35 Marks)

## Part C (Essay questions)

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

24. Explain the provisions on redemption of preference shares. What are the sources that can be used for the redemption of preference shares?

25. H L td. Acquired all the shares in S Ltd. On 1st January, 2016 and liabilities and assets of the two companies on 31st march 2016 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    | 20,000   | 15,000 |                          |          |        |
|                     | 1,15,000 | 70,000 |                          | 1,15,000 | 70,000 |

Surplus of S Ltd. Had a credit balance of ₹ 3,000 on 1st April 2015. Prepare a consolidated balance sheet as on 31st march 2016.

26. The following are the statement of financial position of Hari Ltd. And Sri Ltd. As on 31<sup>st</sup> march 2016.

| PARTICULARS                           | NOTE<br>NO. | AMOUNT           |                 |
|---------------------------------------|-------------|------------------|-----------------|
|                                       |             | Hari Ltd. (Rs.)  | Sri Ltd. (Rs.)  |
| Equity and liabilities                |             |                  |                 |
| (1) Shareholders funds                |             |                  |                 |
| Equity Share capital                  |             | 10,00,000        | 4,00,000        |
| Reserves and surplus- General Reserve |             | 2,00,000         | -----           |
| (2) Current liabilities               |             |                  |                 |
| Trade payable                         |             | 1,60,000         | 1,20,000        |
|                                       |             | <u>13,60,000</u> | <u>5,20,000</u> |
| Assets                                |             |                  |                 |
| Sundry assets                         |             | 11,00,000        | 5,20,000        |
| Non-current investments               |             | 2,60,000         | -----           |
| 75% shares in Sri ltd.                |             |                  |                 |
|                                       |             | <u>13,60,000</u> | <u>5,20,000</u> |

Prepare a consolidated statement of financial position of Hari Ltd. As on 31<sup>st</sup> March 2016

27. From the following balances, prepare the balance sheet of Global bank Ltd as on 31.3.2020.

|  |                 |
|--|-----------------|
| Equity share capital                       | Rs. 20,00,000   |
| Statutory reserve (after transferring 25%) | Rs. 10,00,000   |
| Capital reserve                            | Rs. 4,00,000    |
| Securities premium                         | Rs. 4,00,000    |
| P&L a/c balance                            | Rs. 14,00,000   |
| Demand deposit                             | Rs. 24,00,000   |
| Term deposit                               | Rs. 20,00,000   |
| Savings bank deposit                       | Rs. 28,00,000   |
| Borrowings from RBI                        | Rs. 24,00,000   |
| Borrowings from other banks                | Rs. 1,05,40,000 |
| Bills payable                              | Rs. 30,00,000   |
| Interoffice adjustments (Cr)               | Rs. 14,00,000   |
| Cash in hand                               | Rs. 14,00,000   |
| Balances with RBI                          | Rs. 25,40,000   |
| Money at call and short notice             | Rs. 45,00,000   |
| Investment in Govt. securities             | Rs. 28,00,000   |
| Investment in shares                       | Rs. 25,00,000   |
| Gold                                       | Rs. 20,00,000   |
| Term loans                                 | Rs. 50,00,000   |
| Cash credit                                | Rs. 35,00,000   |
| Overdraft                                  | Rs. 30,00,000   |
| Premises                                   | Rs. 25,00,000   |
| Rebate on bills discounted                 | Rs. 1,00,000    |
| Non-banking asset                          | Rs. 70,000      |
| Furniture                                  | Rs. 30,000      |

The authorized capital of the bank is Rs. 40,00,000 in equity share of Rs. 10 each. There is a contingent liability on account of acceptances and endorsements Rs. 3,00,000. The bank has billed for collection amounting to Rs. 10,00,000 on 31st March 2020.

**(2 × 10 = 20 Marks)**

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