

Authorized capital: 8000 shares of ` 100 each, issued capital: 4000 shares of ` 100 each fully paid (out of which 500 were issued during the year), 13 percent debentures ` 200000, trade creditors ` 50000, reserve fund ` 100000, trade debtors ` 90000 and cash at bank ` 50000, reserve fund investments at cost ` 100000 (market value ` 110000), stock ` 60000, profit and loss account ` 40000.

Fixed assets spent up to 01-01-2018: Machinery ` 300000, building ` 200000

Additions in the year: Machinery ` 60000, building ` 10000

Depreciation fund: Machinery ` 70000, building ` 10000

31. A Ltd. is preparing its cash flow statement under direct method and has provided the following information:

Net credit sales	500000
Accounts receivables at the end	150000
Accounts receivables at the beginning	250000
Purchases (own account)	400000
Trade payables at the end	190000
Trade payables at the beginning	200000
Operating expenses	300000
Accrued expenses at the beginning	50000
Accrued expenses at the end	40000
Depreciation on property, plant and equipment	60000
Income taxes paid	65000

Calculate cash from operating activities under direct method.

(2 x 15 = 30 Marks)

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(Pages: 4)

Name:

Reg. No.

THIRD SEMSTER B. Com DEGREE EXAMINATION, NOVEMBER 2019

(Regular/Supplementary/Improvement)

(CUCBCSS-UG)

CC17U BC3 B04 - CORPORATE ACCOUNTING

(Core Course)

(2017 Admission onwards)

Time: Three Hours

Maximum: 80 Marks

PART A

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

I. Choose the correct answer:

- Inventories are the assets held for during the ordinary course of business.
 - Use
 - Sale
 - Possession
 - Disclosure
- Subsequent expenditure on an acquired in process research and development project is if its satisfies the criteria for recognition.
 - Capitalised
 - Ignored
 - Expensed
 - None of these
- Which of the following do not appear in the Statement of Change in Equity?
 - Issue of shares during the period
 - Dividend paid during the period
 - Transfer to reserve at the end of the period
 - Profit/Loss on exchange differences
- When A Ltd. acquires 80% shares in B Ltd., A Ltd is called
 - Subsidiary company
 - Investor company
 - Controlling company
 - Parent company
- Receipts and Expenditure on capital account of an electricity company is also known as
 - Capital a/c
 - Revenue a/c
 - Net Revenue a/c
 - General Balance Sheet

II. Fill in the blanks:

- Amortization of intangible asset is recognized in
- Under double account system, fixed assets are shown at
- Principal revenue producing activity of an entity is called
- Ais the liability of uncertain timing or uncertain amount.
- Debenture is ainstrument.

(10 x 1 = 10 Marks)

PART B

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

- What is cash settled share based payment transaction?
- What is deferred tax liability?
- What do you mean by cost of conversion?

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14. What is Ind AS 12 about?
15. What is escrow account?
16. What is sale and lease back?
17. What is value of right?
18. What is non-controlling interest?
19. What is double account?
20. What are prior period errors?

(8 x 2 = 16 Marks)

PART C

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

21. Explain various methods of alteration of share capital.
22. Distinguish between sinking fund method and insurance policy method.
23. Explain various employee benefits under IAS 19.
24. Explain the treatment of financial lease in the books of lessor.
25. A Ltd. has a part of its share capital in 1000 redeemable preference shares of ₹ 100 each. The shares are now become due for redemption. It has been discovered that the reserve funds of the company amounts to ₹ 75000. The management decided to utilize ₹ 50000 out of its reserves for redemption and the balance being met out of a fresh issue of sufficient number of equity shares of ₹ 20 each, fully paid. Write journal entries to record the above transactions.
26. A Ltd. offers to its shareholders the right to buy two shares at ₹ 115 for every five shares of ₹ 100 each held. The market value of the shares is ₹ 150 each. The existing equity share capital of the company is ₹ 30 lakhs. Calculate the value of the right and also the percentage increase in share capital.
27. A Ltd. has a fixed asset, which is carried at ₹ 200 lakhs in the balance sheet on 31-03-2018. As at that date, the value in use is ₹ 160 lakhs and the net selling price is ₹ 150 lakhs. From the above information, a) Calculate impairment loss, b) Write journal entries and c) Show how impairment loss will be shown in the balance sheet.
28. A Ltd. resolves to buy back 200000 of its fully paid equity shares of ₹ 10 each at ₹ 12 per share. For this purpose, it issues 10000, 12 percent preference shares of ₹ 100 each at par, the entire amount being payable with application. The company uses ₹ 600000 from its security premium account and the balance from the General Reserve account to fulfill the legal requirements regarding buy back. Pass necessary journal entries in the books of A Ltd.

(6 x 4 = 24 Marks)

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PART D

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

29. Following are the balance sheets of P Ltd. and S Ltd. as on 31-03-2018:

Assets	P Ltd.	S Ltd.
Non-current assets	950000	600000
Non-current investments		
(Investment in equity shares of S Ltd.)	550000	-
Current assets:		
Inventory	475000	210000
Trade receivables	205000	90000
	-----	-----
Total assets	2180000	900000
	-----	-----
Equity and liabilities		
Equity:		
Equity share capital (₹ 10 each)	1500000	600000
Retained earnings	330000	120000
Current liabilities:		
Trade payables	350000	120000
Short term provision (proposed dividend)	-	60000
	-----	-----
Total equity and liabilities	2180000	900000
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Additional information:

1. P Ltd. acquired 75 percent of the shares in S Ltd. on 01-04-2017.
2. The retained earnings of S Ltd. comprise of general reserves ₹ 80000 and surplus ₹ 40000. On 01-04-2017, the surplus amounted to ₹ 15000.
3. On 31-03-2018, S Ltd. proposed a dividend of 10 percent.
4. On 01-01-2018, P Ltd. sold to S Ltd. a machine costing ₹ 200000 at a profit of 20 percent on selling price. S Ltd. provided depreciation @ 10 percent p.a., on this machine.

Prepare a consolidated balance sheet as on 31-03-2018.

30. From the following details relating to an electricity undertaking, you are required to draw the capital account and general balance sheet as on 31 December, 2018 under the double account system.

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