

You are required to prepare a consolidated balance sheet as on 31<sup>st</sup> March 2018 after taking into account the following information:

- (i) X Ltd acquired the shares of Y Ltd on 1.4.2017 when the balances on their Profit & Loss Account and General Reserve were ` 7,500 and ` 8,000 respectively.
- (ii) Y Ltd's stock includes ` 6,000 goods purchased from X Ltd. who charged profit at 20 % on sales.
- (iii) Included in Debtors of X Ltd ` 3,000 due from Y Ltd.

31. On 31<sup>st</sup> March 2018 the following balances stood in the books of Urban Electric Supply Company Ltd.

	Dr.	Cr.
10% Debentures		3,00,000
Equity Share Capital		9,00,000
Land on 31st March 2017	2,25,000	
Land purchased during the year	90,000	
Machinery on 31st March 2017	2,40,000	
Machinery purchased during the year	1,14,000	
Mains expanded during the year	8,25,000	
Mains including cost of laying up to 31st March 2017	99,000	
Depreciation Fund		3,75,000
Sundry Creditors		1,500
Cash in hand	6,000	
Cost of distribution of electricity	13,500	
Cost of generation of electricity	45,000	
Other book debts	750	
Stores on hand	9,000	
Sundry Debtors for current supplied	60,000	
Meter Rent		7,500
Sale of Current		2,25,000
Salaries and allowances	30,000	
Establishment Expenses	31,500	
Interest on Debentures	15,000	
Interim Dividend	30,000	
Rent, Rates and Taxes	18,000	
Net Revenue Account as on 1.4.2017		42,750
	<b>18,51,750</b>	<b>18,51,750</b>

Additional Information:

- (i) Interest on debentures is outstanding for 6 months.
- (ii) Depreciate Machinery at 10%

Prepare final accounts of the company.

(2 x 15 = 30 Marks)

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(Pages: 4)

Name: .....

Reg. No. ....

**THIRD SEMESTER B.Com. DEGREE EXAMINATION, NOVEMBER 2019**

(CUCBCSS-UG)

**CC16U BC3 B04 - CORPORATE ACCOUNTING**

(Core Course)

(2016 Admission)

Time: Three Hours

Maximum: 80 Marks

**PART A**

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

I. Choose the correct answer:

1. .... is the user of the leased goods.  
a) lessee                      b) lessor                      c) lessant                      d) lessal
2. In an equity settled share based payment transaction, the goods or services received are measured at ..... if the entity cannot estimate its fair value.  
a) Fair value of its assets                      b) Fair value of goods or services received  
c) Fair value of equity instruments granted                      d) None of these
3. Capital Redemption Reserve can be utilized for .....  
a) Writing off capital losses                      b) Declaring dividend  
c) Issue of fully paid bonus shares                      d) Making partly paid shares as fully paid
4. When A Ltd. acquires 80% shares in B Ltd., A Ltd is called .....  
a) Subsidiary company                      b) Investor company  
c) Controlling company                      d) Parent company
5. Receipts and Expenditure on capital account of an electricity company is also known as .....  
a) Capital a/c                      b) Revenue a/c  
c) Net Revenue a/c                      d) General Balance Sheet

II. Fill in the blanks:

6. Capital Redemption Reserve can be utilised for .....
7. A loan on which the lender promises to waive repayment is called .....
8. Profit on life insurance business is ascertained by preparing .....
9. Loans taken by banks from other banks for a short period is called .....
10. Issue of bonus shares is otherwise known as .....

(10 x 1 = 10 Marks)

**PART B**

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

11. What is Reorganisation of Share Capital?
12. What is Own Debenture?
13. What is commission on reinsurance ceded?
14. What is Non Banking Asset for Banking Company?
15. What is meant by free reserves?
16. What do you meant by redemption of debenture out of profit?

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**Turn Over**

17. What is a claim?
18. What is SLR for a Bank?
19. What is Reversionary bonus for Insurance Company?
20. What is Net Revenue Account?

(8 x 2 = 16 Marks)

**PART C**

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

21. Discuss the treatment of financial lease in the books of Lessee?
22. Briefly explain the provision regarding creation of provision on various types of advances of a bank.
23. Briefly explain Cum Interest and Ex Interest purchase of debentures.
24. On 31<sup>st</sup> March 2018, Canara Bank had the following bills discounted by its customers:

Discount received during the year           ` 1,92,000  
Rebate on Bills discounted (1.4.2017)       ` 28,000

Amount of Bill	Date of Bill	Period (months)	Rate of Discount (%)
7,00,000	13.1.2018	4	8
5,00,000	17.2.2018	3	7
3,50,000	6.3.2018	4	9
2,00,000	16.3.2018	2	7

Calculate the amount of discount to be credited to Profit & Loss Account

25. Nitin Co. Ltd. decided to make a rights issue in the proportion of one new share of ` 200 each at a premium of ` 50 each for every three existing shares. The market value of the shares at the time of announcement of rights issue is ` 500 each. Calculate the value of right and ex-right value of a share.
26. The following figures are taken from the books of Nokia Ltd as on 31<sup>st</sup> March 2017.

Authorised Capital:	
8% Preference Share Capital (Rs.100 each)	6,00,000
Equity Share Capital (Rs.10 each)	20,00,000
	<b>26,00,000</b>
Issued & Subscribed Capital:	
8% Preference Share Capital	5,60,000
Equity Share Capital	16,80,000
Reserves & Surplus:	
Securities Premium	70,000
Profit & Loss Account (Cr.)	6,10,000

The preference shares were redeemed on 10<sup>th</sup> October 2017 at a premium of 10 per cent. No trace could be found of the holders of 120 preference shares. Give journal entries for redemption of the preference shares.

27. A railway station was built in 1990 at ` 3,00,000. It was replaced in 2017 by new one at a cost of ` 16,00,000. During this period the prices of materials have risen to 250% and the labour rates have trebled. The proportion of materials and labour in the old station was 2 : 3. Old materials valued at ` 25,000 were used in the construction of the new station and included in the cost of ` 16,00,000. Sale of

old materials realised ` 42,000. Give journal entries.

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28. The revenue account of a life insurance Company shows the life assurance fund on 31<sup>st</sup> March 2018 at 17,50,000 before taking into account the following items:

(a) Claims covered under re-insurance	` 24,000
(b) Bonus utilised in reduction of premium	` 9,000
(c) Interest accrued on securities	` 16,520
(d) Outstanding premium	` 10,820
(e) Claims intimated but not admitted	` 53,000

What is the life insurance fund after taking into account the above omissions?

(6 x 4 = 24 Marks)

**PART D**

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

29. The following are the balances extracted from the books of Birla Insurance Company Ltd. for the fire and marine departments as on 31<sup>st</sup> March 2018:

	Fire	Marine
Premium received	4,95,900	3,35,400
Claims paid	1,68,000	1,61,100
Claims outstanding 1.4.2017	5,700	300
Commission paid	1,64,400	1,34,100
Expenses of management	1,03,800	39,600
Commission on Reinsurance Accepted	12,000	7,500
Commission on Reinsurance Ceded	6,000	4,500
Outstanding Premium 31.3.2018	60,900	50,400
Provision for Unexpired Risk 1.4.2017	1,95,300	3,66,000
Additional Reserve	2,14,200	22,500

Adjustments to be taken into consideration:

- (a) Estimated liability in respect of Claims outstanding 31-3-2018 was Fire – ` 900 and Marine – ` 20,100
- (b) Provide ` 30,000 for survey expenses (Marine) and ` 24,360 for survey expenses (Fire)
- (c) Provide in case of Fire Insurance for additional reserve at 10% of the net premium in addition to the opening balance.

Prepare Fire and Marine Revenue Account for the year ended 31.3.2018.

30. The following are the summarized balance sheets of X Ltd. and Y Ltd. as on 31<sup>st</sup> March 2018.

	X Ltd	Y Ltd		X Ltd	Y Ltd
Paid up Share Capital in shares of Rs.10 each	1,00,000	30,000	Plant & Machinery	88,000	31,000
General Reserve	40,000	12,500	Debtors	30,000	17,000
Profit & Loss Account	30,000	17,500	Stock	32,000	16,000
Sundry Creditors	10,000	7,000	Investment in 2,000 shares in Y Ltd at cost	26,000	
			Cash balance	4,000	3,000
	1,80,000	67,000		1,80,000	67,000

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**Turn Over**