

26. The following is Trial Balance of a Life Insurance Company as on 31.03.2020

	Debit (Rs.)	Credit (Rs.)
Premium received		1,61,500
Interest, dividend, rent, etc.		1,12,700
Bonus to policyholders	31,500	
Life Assurance Fund (01-04-19)		29,72,300
Share Capital		1,00,000
Claims paid	1,97,000	
Commission on direct business	10,000	
Commission on reinsurance ceded		700
Management expenses	32,300	
Loans on companies policies	1,73,600	
Mortgage loans	4,92,200	
Agent's balance	9,300	
House property	40,000	
Investments in shares	20,00,000	
Investments in securities	3,05,000	
Cash in hand	7,300	
Cash with banks	27,000	
Surrenders	7,000	
Dividend paid	15,000	
	33,47,2006	33,47,2006

Additional information:

Management expenses outstanding Rs.2000, Premium outstanding Rs.10,000, Claims outstanding Rs.9,000, Interest accrued on investments Rs.19,300, Bonus utilized on the reduction of premium Rs.2,000, Claims covered under reinsurance Rs.2,300. Prepare final accounts.

27. 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	<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 1st April 2015. Prepare a consolidated balance sheet as on 31st march 2016.

(2 × 10 = 20 Marks)

20U332

(Pages: 4)

Name:

Reg. No:

THIRD SEMESTER B.Com. DEGREE EXAMINATION, NOVEMBER 2021

(CBCSS - UG)

(Regular/Supplementary/Improvement)

CC19U BCM3 B04 - CORPORATE ACCOUNTING

(Commerce - 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 is sinking fund?
2. What do you mean by redemption of debentures by conversion?
3. What is the provision to be complied with when the redemption of debentures is made out of divisible profits?
4. What are the sources of funds that can be used for the redemption of nominal value of preference shares to be redeemed?
5. What is bonus issue?
6. Mention any two provisions on bonus issue of 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. What are the sources of buy back of shares?
10. Give any two differences between right issue and public issue.
11. A company offers to its existing shareholders the right to buy one share of Rs. 100 each at Rs. 120 per share for every four shares held. The market value of these shares before the right issue is Rs. 180 per share. Compute the value of right.
12. What is a bank?
13. State the difference between Ex interest and Cum interest.
14. Explain the term NCI?
15. What is Basic EPS?

(Ceiling: 25 Marks)

Part B (Paragraph questions)

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

16. 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.

(1)

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Part C (Essay questions)

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

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

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

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 require to prepare:

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

25. Explain: (i) Events after reporting period, and (ii) related party transactions.

17. On 1st July 2017, a company issued 2000 6% debentures of Rs. 100 each. The interest is payable on 30th June and 31st December every year. On 31st May, 2018 the company purchased, by cheque in the open market, 200 debentures at Rs. 98 ex- interest and on 30th September, 2019 100 debentures at Rs. 97 cum- interest. The debenturees which were purchased on 31st May, 2018 were cancelled on 31st December, 2019. All payments were made on due dates. Give journal entries to record the above transactions.

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

19. Ahmed Ltd's Capital account consist of 1,00,000 equity shares of Rs.10 each. The company resolved to issue 2 bonus shares of Rs.10 each at Rs.12 per share for every 5 shares held. The company has the following balances:

General Reserve	80,000
P & L A/c (Cr.)	1,00,000
Securities Premium	3,00,000

Give journal entries.

20. Differentiate between right shares and bonus shares.

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. 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

- The valuation balance sheet
- The net profit for the valuation period
- The distribution of the surplus.

23. Explain: (i) Accounting policies, and (ii) Accounting estimates.

(Ceiling: 35 Marks)

(2)

(3)

Turn Over