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Name:

Reg. No:

THIRD SEMESTER B.Com. PROFESSIONAL DEGREE EXAMINATION, NOVEMBER 2023

(CUCBCSS-UG)

(Regular/Supplementary/Improvement)

CC17U BCP3 B09 – CORPORATE ACCOUNTING

(Core Course)

(2017 Admissions onwards)

Time: Three Hours

Maximum: 80 Marks

Part A

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

1. Interest on debentures is -----
(a) A charge against profit (b) an adjustment of profit
(c) an appropriation of profit (d) none of these
2. Buy back of shares should not exceed ----- percent of paid up capital and free reserves of the company
(a) 50 % (b) 10 % (c) 5 % (d) 25%
3. Bonus shares cannot be issued out of -----
(a) Profit (b) General Reserve
(c) Capital Redemption Reserve (d) Capital reserve on revaluation of assets
4. Cash credit is a form of -----
(a) Deposit (b) Advances (c) Investment (d) None of these
5. Balance of security deposit from electricity consumers
(a) is written off (b) is shown as current liability
(c) is shown as non current liability (d) is shown as current assets

Fill in the blanks:

6. Business combination transactions are recognised on ----- date
7. ----- is a device of reducing the risk undertaken by an insurance company
8. Short term advance to bill brokers and stockbrokers for a few days is known as -----
9. Bonus issue is also known as ----- of profits
10. Preference shares are redeemed only if it is -----

(10 × 1 = 10 Marks)

Part B

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

11. What is fixed instalment method for writing off discount on issue of debentures?
12. What is open market purchase of redemption of debentures?
13. What is Capital Redemption Reserve?
14. Differentiate between Bonus shares and Right shares.
15. What is Slip system of ledger posting?
16. Explain Reversionary bonus.
17. What is the scope of Ind AS 102?
18. Azad company Ltd issued 7500 13% debentures of Rs 100 each redeemable at a premium of 10%. Pass entries in the books for issue and redemption of debentures.
19. X Ltd purchased 80% of the shares of Y Ltd. The issued capital of Y Ltd consists of 25000 shares of Rs 10 each. Consideration paid is 260000. The identifiable assets and liabilities of Y Ltd are Rs 300000 and Rs 50000 respectively. Calculate the amount of goodwill?
20. What is Clear Profit?

(8 × 2 = 16 Marks)

Part C

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

21. Give journal entries for the sinking method of redemption of debenture?
22. Briefly explain the advantages of buy-back of shares.
23. Explain the following Endowment policy, Annuity policy, With profit policy and Double accident indemnity policy.
24. The following balances have been extracted from the books of an electricity company at the end of accounting year

Capital base	–	Rs. 1,50,00,000
Reasonable Return	–	Rs. 23,06,500

The company earned a profit of Rs. 28, 00,000 after tax. Assume the bank rate is 10 %. Show how you deal with the profits of the company.
25. The life assurance fund of a life insurance company as on 31-03-2020 is Rs. 86,48,000. The interim bonus paid during the period was Rs. 1,48,000. The net liability as per actuarial valuation is Rs. 74,25,000. Surplus brought forward from the previous valuation period was Rs. 8,50,000. The directors of the company proposed to carry forward Rs. 9,31,000 and to divide the balance between shareholders and policy holders in the ratio of 1:10. Show valuation balance sheet, NP for valuation period, and distribution of surplus.

(2)

31. Prepare revenue Account and Balance sheet of Bharath Assurance company?

Life fund as on 1st April 2015	Rs. 15,70,562
Claims by death	Rs. 1,16,980
Claims by maturity	Rs. 96,420
Premium	Rs. 2,70,572
Management expenses	Rs. 29,890
Commission	Rs. 36,541
Consideration for annuities granted	Rs. 10,620
Interest, dividend, rent etc.	Rs. 52,461
Income tax	Rs. 3,060
Surrenders	Rs. 21,768
Annuities	Rs. 29,420
Bonus paid in cash	Rs. 9,450
Bonus in reduction of premium	Rs. 3,500
Preliminary expenses	Rs. 600
Claims admitted but not paid at the end of the year	Rs. 80,034
Annuities due but not paid	Rs. 22,380
Paid up capital	Rs. 6,00,000
Government securities	Rs. 16,90,890
Assets	Rs. 5,68,110
Adjustments:	
1. Claims covered under reinsurance	Rs. 10,000
2. Further claims intimated	Rs. 8,000
3. Further bonus in reduction of premium	Rs. 1,500
4. Interest accrued	Rs. 15,400
5. Premium outstanding	Rs. 7,400

(2 × 15 = 30 Marks)

(5)

26. Moon and Lal Ltd. has Rs. 11,20,000 in Equity share capital consisting of 80,000 shares of Rs.10 each fully paid and 40,000 shares of Rs.10 each, Rs.8 paid up. It has Rs. 40,000 in Capital Reserve, Rs. 90,000 in Security Premium Reserve Account, Rs.1,40,000 in Capital Redemption Reserve Account and Rs. 3,00,000 in General Reserve.

By way of bonus dividend, the partly paid up shares are converted into fully paid up shares and the holders of fully paid up shares are also allotted fully paid up bonus shares in the same ratio.

Securities Premium Reserve Account includes a premium of Rs.50,000 for shares issued to vendors pursuant to a scheme of absorption.

Pass journal entries for bonus issue with minimum reduction in free reserves.

27. The following is the balance sheet of Kushal Ltd.

Share capital	Rs. 10,00,000
Reserves	Rs. 60,000
Security Premium	Rs. 20,000
Bank overdraft	Rs. 20,000
Total	Rs. 11,00,000
Assets	
Fixed assets	Rs. 8,00,000
Current investments	Rs. 2,00,000
Bank	Rs. 1,00,000
Total	Rs. 11,00,000
Notes	
Equity capital 80000*10	Rs. 8,00,000
Preference share capital 20000*10	Rs. 2,00,000
Total	Rs. 10,00,000

Preference shares are redeemable at a premium of 10%. The company decided to issue sufficient equity shares at par for the purpose of redemption. Give journal entries and show balance sheet after redemption?

28. Calculate rebate on bills discounted on 31-03-2012.

Amount of bill	Rate of discount	Due date
23,000	10%	15 th May 2012
40,000	11%	10 th July 2012
75,000	10%	03 rd June 2012
1,00,000	9%	04 th May 2012

Also give the journal entry for recording rebate on bills discounted on 31-03-2012?

(6 × 4 = 24 Marks)

Part D

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

29. What are the different sources and methods of Redemption of debentures?

30. Prepare final accounts of Urban Bank Ltd

Land & Building	Rs. 88,60,000
Loans, Cash credit	Rs. 72,00,000
Bills discounted	Rs. 12,90,000
Cash in hand	Rs. 1,00,000
Cash with RBI	Rs. 7,00,000
Balance with banks	Rs. 2,70,000
Investment	Rs. 8,00,000
Interest paid	Rs. 2,70,000
Operating expenses	Rs. 3,70,000
Bills for collection	Rs. 2,00,000
Interest & Discount	Rs. 7,00,000
Share capital	Rs. 82,60,000
Statutory reserve	Rs. 10,70,000
Fixed deposit	Rs. 60,00,000
Savings Bank a/c	Rs. 12,00,000
Current a/c	Rs. 10,00,000
Borrowings from RBI	Rs. 12,00,000
Bills payable	Rs. 1,00,000
Commission, exchange & Brokerage	Rs. 2,00,000
Other incomes	Rs. 1,00,000
Rebate on bills discounted (1-4-2018)	Rs. 30,000

Adjustments:

1. Rebate on bills discounted at the end Rs. 40,000
2. Transfer 25% of current year profit to statutory reserve