

THIRD SEMESTER B.Com./B.B.A. DEGREE EXAMINATION, NOVEMBER 2019
(CUCBCSS—UG)

B.Com.

BCM 3B 04—CORPORATE ACCOUNTING

(2016 Admissions)

[Common for B.Com. Vocational]

Time : Three Hours

Maximum : 80 Marks

Part A

Answer all questions.

Each question carries 1 mark.

1. Public utility undertakings present financial statements by adopting _____ system.
2. Capital redemption reserve can be used to issue fully paid _____ shares.
3. Purchase consideration does not include the payment made to _____.
4. IFRS 13 deals with _____.
5. The basis for recording bank transactions are the _____ prepared by customers and bank staff.
6. After all the debentures are redeemed, the balance in the sinking fund is transferred to _____.

(a) General reserve.	(b) Capital reserve
(c) Profit and loss account.	(d) Debentures account
7. IFRS 2 deals with _____.

(a) Government grants.	(b) Arrears.
(c) Share based payments.	(d) Business combinations.
8. Dividend declared between two annual general meeting is known as _____.

(a) Unclaimed dividend.	(b) Sweat dividend.
(c) Interim dividend.	(d) Scrip dividend.

9. On standard assets provision required is _____.
- (a) 0.25 %.
- (b) 0.40 %.
- (c) 0.375 %.
- (d) 0.20 %.
10. Reserve for unexpired risk is shown under :
- (a) Reserves and surplus.
- (b) Current liabilities.
- (c) Provisions.
- (d) None of these.

(10 × 1 = 10 marks)

Part B

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

11. What is Equity instrument ?
12. What is capital redemption reserve ?
13. What is IFRS ?
14. What do you mean by right issue of shares ?
15. What is double account system ?
16. What is re- insurance ?
17. What do you mean by lease ?
18. What is sweat equity shares ?
19. What do you mean by buy back of shares ?
20. What do you mean by Rebate on bill discounted ?

(8 × 2 = 16 marks)

Part C

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

21. What are the disclosure requirements in separate financial statements under Ind AS 27 ?
22. What are the conditions to be fulfilled under the companies Act for the redemption of preference shares ?
23. Give schedule of advance of a banking company using imaginary figures.

24. What do you mean by business combinations ? Explain the steps in acquisition method of business combination ?
25. ABC Ltd. invests Rs. 10 lakhs in an item of plant to reduce the pollution. The anticipated useful life of the items is 5 years. During the year of acquisition ABC Ltd receives a government grant of one lakh towards purchase of the plant. Write the journal entries for the first two years for the government grant related to assets under the two alternative methods of presentation under IAS 20
26. The Kaveri Bank Limited has the following bills in its advances portfolio on 31st March 2015 :

<u>Sl. No</u>	<u>Date of bill</u>	<u>(Rs.)</u>	<u>Term (months)</u>	<u>Date of maturity</u>
1	February 11	5,000	4	June 14, 2016
2	February 16	6,000	3	May 19, 2016
3	March 17	4,000	4	July 10, 2016

The rate of discount is 10%. You are required to calculate the rebate on bills discounted and give the necessary journal entries.

27. A company had as part of its share capital 1,000 redeemable preference shares of Rs. 100 each fully paid. When the shares became due for redemption, the company had Rs. 60,000 in its reserve fund, the company issued necessary equity shares of Rs. 25 specifically for the purpose of redemption and received cash in full. The redeemable preference shares were then paid out of the new issue, the balance being met from the reserve fund.
28. The Axis life insurance company prepared its revenue account for the year ended 31-3-16 and ascertained its life insurance Fund to be Rs. 50,00,000. It was later found that the following had been omitted from the accounts :—

Interest accrued on investments	...	1,00,000
Income tax liable to be deducted thereon	...	20,000
Outstanding premiums	...	60,000
Bonus utilised in reduction of premiums	...	20,000
Claims intimated but not admitted	...	30,000
Claims covered under re-insurance	...	15,000

(6 × 4 = 24 mark

Part D

Answer any two questions.

Each question carries 15 marks.

29. The following are the figures extracted from the books of Excel Bank limited as on 31-3-2015

Interest and discount received	:	37,05,738
Interest paid on deposits	:	20,37,452
Issued and subscribed capital	:	10,00,000
Salaries and allowances	:	2,00,000
Directors fee and allowances	:	30,000
Rent and taxes paid	:	90,000
Postage and telegrams	:	60286
Statutory reserve fund	:	8,00,000
Commission, exchange and brokerage	:	1,90,000
Rent received	:	65,000
Profit on sale of investments	:	2,00,000
Depreciation on bank's properties	:	30,000
Statutory expenses	:	40,000
Preliminary expenses	:	25,000
Auditors fee	:	5,000

The following further information is given :

- (i) A customer to whom a sum of Rs. 10 lakhs has been advanced has become insolvent it is expected only 50% can be recovered from his estate.
- (ii) There were also other debts for which a provision of Rs. 1,50,000 was found necessary by the auditors.
- (iii) Rebate on bills discounted on 31.3.2014 was Rs. 12,000 and on 31-3-2015 was Rs. 16,000.
- (iv) Provide Rs. 6,50,000 for Income Tax.
- (v) The directors desire to declare 10% dividend.

Prepare the profit and loss account of Excel Bank Limited for the year ended 31-3-2015.

30. The following is the trial balance of Social Electric Lighting Co. Ltd. for the year ended December 31, 2015 :

31-12-14

Dr

1,00,000

75,000

5,600

—

46,500

20,000

30,000

25,000

5,000

2,500

1,500

8,000

1,250

Nominal capital 10,000 shares of Rs. 50 each

Subscribed -5,000 shares. Rs. 25 paid

Debentures, 6% interest

Depreciation fund

Calls in arrears

Free hold land

Buildings

Machinery at station

Mains

Transformers, Motors, etc

Meters

Electrical instruments

General stores (cables, mains, etc.) in stock

Office furniture

Coal and fuel

Oil, waste and engine room stores

Coal, oil waste, etc. in stock

Repairs and replacements

Rates and taxes

Salaries of secretary, manager etc

Wages at station

Directors' fees

Stationary, printing, and advertising

Incidental expenses

Law charges

Sales of meters

Sales by contracts

Meter rents

Sundry creditors

Sundry debtors

Cash in hand and at bank

31-12-15

Dr

5,000

46,500

25,000

50,000

40,000

10,000

7,500

2,000

11,750

1,250

9,500

3,750

500

2,500

1,500

7,500

15,000

5,000

3,000

500

1,000

31-12-15

Cr

1,25,000

75,000

5,000

43,750

25,000

1,500

5,000

15,000

16,500

2,80,250

2,80,250

Turn over

1. Provide depreciation on :

Building 2.5 %, Machinery 7.5%, Mains 5%, Transformers, etc. 10%, Meters 15%

2. A call of Rs. 5 per share was payable on 30th June , 2015 and arrears are subject to interest @ 5% per annum.

Prepare Revenue Account, and Capital account for the year ended 31-12-2015 and Balance sheet as on that day.

31. A Ltd. acquires B Ltd. for a consideration of Rs. 38,00,000 to be satisfied in the form of fully paid equity shares of Rs. 10 each. The balance sheets of the two companies on 31st December 2016, the date of acquisition, were as follows :

<i>Liabilities</i>	A Ltd.	B Ltd.	<i>Assets</i>	A Ltd.	B Ltd.
Share Capital			Sundry		
Equity shares of			assets	96,00,000	58,00,000
Rs. 10 each	40,00,000	25,00,000			
General Reserve	15,00,000	3,00,000			
Development Rebate	3,00,000	1,00,000			
Reserve	6,00,000	4,00,000			
Profit and Loss A/c	12,00,000	9,00,000			
Sundry Liabilities	20,00,000	16,00,000			
	96,00,000	58,00,000		96,00,000	58,00,000

You are required to pass the necessary journal entries in the books of A Ltd. when amalgamation is by way of purchase. Also prepare the resultant balance sheet presuming that the Development Rebate Reserve and Export Profit Reserve are required to be continued.

(2 × 15 = 30 marks)