

**THIRD SEMESTER B.Com. DEGREE EXAMINATION, NOVEMBER 2018**

(CUCBCSS—UG)

BCM 3B 04—CORPORATE ACCOUNTING

[Common for B.Com. Vocational]

(2016 Admissions)

Time : Three Hours

Maximum : 80 Marks

**Part A***Answer all the questions. Each question carries 1 mark.*

- I. 1 In the case of marine insurance reserve for unexpired risk is \_\_\_\_\_.
- (a) 50%. (b) 100%.  
(c) 40%. (d) none of these.
- 2 Which profits are not available for declaration of dividend ?
- (a) Revenue profit. (b) Capital profit.  
(c) Current years profit. (d) None of these.
- 3 Right share are those shares which are issued to \_\_\_\_\_.
- (a) Directors. (b) Promoters.  
(c) Existing share holders. (d) None of these.
- 4 Banks show provision for bad debts, provision for taxation, proposed dividend under the head :
- (a) Contingent liabilities. (b) Other liabilities and provision.  
(c) Borrowing. (d) None of these.
- 5 Which of the following is true regarding the requirements of Ind AS 102.
- (a) Private companies are exempt.  
(b) Small companies are exempt.  
(c) Subsidiaries using their parent entity's shares as consideration for goods and services are exempt.  
(d) There are no exemptions from Ind AS 102.
- II. 6 Under double account system, the profit and loss account is termed as \_\_\_\_\_.
- 7 Dividend declared between two annual general meetings is called \_\_\_\_\_.
- 8 Life insurance is a contract of \_\_\_\_\_.
- 9 Banks are required to transfer \_\_\_\_\_ % of their profit to statutory reserve.
- 10 IFRS 2 deals with \_\_\_\_\_.

(10 × 1 = 10 marks)

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

- 11 What is IFRS ?
- 12 What is capital redemption reserve ?

**Turn over**

- 13 What is bonus share ?
- 14 What do you mean by Sinking Fund ?
- 15 What do you mean by Money at call and short notice ?
- 16 What do you mean by Non Performing Assets ?
- 17 What is statutory reserve ?
- 18 What is re-insurance ?
- 19 What is a prospectus ?
- 20 What is share based payments ?

(8 × 2 = 16 marks)

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

- 21 What are the objectives IFRS ?
- 22 Describe different methods of redeeming debentures.
- 23 Explain the meaning of double account system. State how it differs from single account system.
- 24 State the provisions of IFRS 20 relating to government grants and disclosure of govt assistance.
- 25 A Ltd. purchases its own 12% debentures of 30,000 at Rs. 98 on 1-4-2015. Interest is payable on 30<sup>th</sup> June and 31<sup>st</sup> December every year. Give journal entries in the books of A Ltd. if the quotation is :
  - (i) Cum interest (ii) Ex-interest
- 26 Compute the amount of provision for doubtful debts from the following details of advances of National Bank Ltd :

		(Rs in lakhs)
Total loans and advances	:	50
Fully secured advances without any default by the borrowers	:	30
Advances overdue for 15 months	:	10
Advances overdue for more than 30 months but less than 36 months	}	
(Secured by mortgage of plant worth Rs. 3 lakhs)	:	5
Non-recoverable unsecured advances	:	3
Small advances not exceeding Rs. 25,000 to each borrower( unsecured)	:	2

- 27 The revenue account of a Life Insurance Company shows the life assurance fund on 31<sup>st</sup> March, 2015 at Rs. 62,21,310 before taking account the following items :—
  - (a) Claims covered under re-insurance : Rs. 12,000
  - (b) Bonus utilised in reduction of premium : Rs. 4,500
  - (c) Interest accrued on securities : Rs. 8260
  - (d) Outstanding premium : Rs. 5,410
  - (e) Claims intimated but not admitted : Rs. 26,500

What is the Life assurance fund after taking in to account the above omission.

- 28 Vivek Ltd was granted 5,000 acres of land in a village, located near the slums outside the city limits, by a local government authority. The condition attached to this grant was that Vivek Ltd. should clean up this land and lay roads by employing labourers from the village in which the land is located. The government has fixed the minimum wage payable to the workers. The entire operation will take three years and is estimated to cost Rs. 100 million. The amount will be spent in this way : Rs 20 million each in the first and second years and Rs. 60 million in the third year. The fair value of this land is currently Rs. 120 million. Based on the principles laid down for accounting and recognition of grants, how this grant should be treated in the books of Vivek Ltd.

(6 × 4 = 24 marks)

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

- 29 From the following particulars prepare the Balance Sheet of Progressive Bank Ltd. as on 31<sup>st</sup> March, 2014 :

<i>Particulars</i>	Dr. Rs.	Cr. Rs.
Share capital	—	10,00,000
Reserve fund	—	16,00,000
Fixed deposit	—	40,00,000
Savings bank deposits	—	60,00,000
Current A/c	—	2,20,00,000
Money at call and short notice in India	2,00,000	
Bills discounted and purchased in India	9,00,000	—
Investments at Cost :		
Central and state Govt. Securities	1,00,00,000	—
Debentures	4,00,000	—
Bullion	24,00,000	—
Premises at cost	1,00,00,000	
Addition to Premises	20,00,000	—
Depreciation Fund on Premises	—	90,00,000
Cash with Reserve bank of India	34,00,000	—
Cash with State Bank of India	12,00,000	—
Unclaimed Dividend	—	24,000
Unexplained Discount	—	50,000
Loans, advances, overdraft and cash credit } in India	1,00,00,000	—
Branch adjustment	57,94,000	—
Silver	2,00,000	—
Advance payment of Tax	1,10,000	—
Interest accrued on investment	2,60,000	
Non Banking assets acquired	70,000	—
Borrowings from banks in India	—	2,50,000
Bills payable	—	20,00,000
Profit and loss A/c including Rs. 2,10,000 for the year	—	4,10,000
Dividend fluctuation fund	—	6,00,000
	4,69,34,000	4,69,34,000

**Turn over**

30 The following is the summarized Balance sheet of Peter Ltd. as at 31<sup>st</sup> March 2016 :

<i>Liabilities</i>	Rs.	<i>Assets</i>	Rs.	
Share Capital 40,000 Equity shares of 10 each	4,00,000	Furniture	80,000	
Reserve Fund		1,80,000	Building	2,00,000
Profit and Loss A/c		60,000	Machinery	1,00,000
10% Debentures		2,00,000	Stock	40,000
Sundry Creditors		20,000	Sundry Debtors	60,000
			Bank	3,00,000
		Cash	80,000	
	8,60,000		8,60,000	

On 1<sup>st</sup> April, 2016, Sagar Ltd took over the business of peter Ltd. as per the terms and conditions mentioned below :

1. Debentures are to be discharged at a premium of 5% in Sagar Ltd.
2. Creditors are to be paid off by Sagar Ltd.
3. Sagar Ltd. will issue 5 equity shares of Rs 10 each at a market value of Rs. 11 for every 4 equity shares of Peter Ltd.
4. Cost of liquidation Rs. 10,000 is to be paid by Sagar Ltd.

Close the books of Peter Ltd. and pass opening entries in the books of Sagar ltd. assuming that the amalgamation is in the nature of Purchase.

31 From the following balances as on December 31, 2015 appearing in the ledger of the Electric light and power Co. Ltd you are required to prepare :

- (a) Revenue account (b) Net revenue account (c) Capital account and General Balance sheet.

	Rs.		Rs.
Equity shares	54,900	Stores on hand	700
Debentures	20,000	Cash	300
Lands on 31-12-2014	15,000	Cost of generating electricity	3,000
Lands purchased during 2015	500	Cost of distribution of electricity	600
Machinery on 31-12-2014	60,000	Rent rates and taxes	400
Machinery purchased in 2015	500	Management expenses	1,200
Mains including cost of laying 31-12-2014	20,000	Depreciation	2,000
Spent on mains during 2015		5,100	Sale of current
Sundry creditors	100	Rent of meters	300
Depreciation Fund	25,000	Interest on debentures	1,000
Sundry debtors for current supplied	4,000	Dividends	2,000
Other debtors	50	Balance of net revenue A/c 31-12-2014	2,850

(2 × 15 = 30 marks)