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Name.....

Reg. No.....

**THIRD SEMESTER (CBCSS—UG) DEGREE EXAMINATION
NOVEMBER 2021**

B.Com.

BCM 3B 04—CORPORATE ACCOUNTING

(2019—2020 Admissions)

Time : Two Hours and a Half

Maximum : 80 Marks

Section A*Answer at least ten questions.**Each question carries 3 marks.**All questions can be attended.**Overall Ceiling 30.*

1. State the objectives of buy back of shares.
2. Mention the disadvantages of buy back of shares
3. What is bonus shares
4. Mention the Circumstances under which Bonus Shares cannot be issued.
5. State the Advantages of Issuing Bonus Shares to the company
6. Define right shares
7. What do you mean by redemption of preference share ?
8. What are Non-banking Assets ?
9. What do you mean by Rebate on Bills Discounted ?
10. What is Life Fund ?
11. What is Reversionary Bonus ?
12. What non controlling interest ?
13. What is negative goodwill ?
14. What is diluted EPS
15. What do you mean by holding company ?

(10 × 3 = 30 marks)

Turn over

Section B

*Answer at least **five** questions.*

Each question carries 6 marks.

All questions can be attended.

Overall Ceiling 30.

16. Following are the extracts from the draft B/S of Ram Ltd. as on 31-3-2018 : Authorised capital : Rs. 2,00,000 Equity shares of Rs. 10 each 20,00,000 Issued and subscribed capital : 50,000 Equity shares of Rs. 10 each 5,00,000 Reserve fund 1,00,000 P/L Account 80,000 A resolution was passed declaring the issue of bonus shares of 20 % on equity shares, to be provided as to f 60,000 out of Profit and Loss Account and 40,000 out of Reserve Fund. The bonus shares were to be satisfied by issuing fully paid equity shares. Write the journal entries :
17. X Ltd, decided to make a right issue to existing shareholders in proportion of 3 shares for every 4 held. Issue price per share is Rs. 150 and Market Price at the time of right issue is Rs.200. Calculate the Value of Right.
18. Explain the redemption of debentures by sinking fund method.
19. X Ltd. with a paid up capital of Rs. 5,00,000 divided into shares of f 10 each fully paid had resolved to capitalize Rs. 80,000 of the accumulated reserves of Rs 1,25,000 by issuing bonus shares of f 10 each fully paid. Pass necessary journal entries.
20. The Life Fund of Life Assurance Company was Rs.86,48,000 as on March 31, 2017. The interim bouns paid during the inter-valuation period was Rs. 148000. The periodical actuarial valuation determined the net liability at Rs.74,25,000. Surplus brought forward from the previous valuation was Rs. 8,50,000. The Directors of the company proposed to carry forward Rs. 9,31,000 and to divide the balance between the share holders and the policy holders in the ratio of 1 : 10.
- Show : (a) The Valuation Balance Sheet.
(b) the distribution of Surplus
21. The revenue account of LIC showed a Life fund of Rs. 20 lakhs and the Balance Sheet total of, Rs. 45 lakhs on 31-3-2017 before taking the following into consideration.
- (a) A claim of Rs. 10,000 was intimated and admitted but not paid during the year.
 - (b) A claim of Rs. 6,000 outstanding in the books for 8 years is written back.
 - (c) Interest on securities accrued Rs. 8,00 but not received during the year.
 - (d) Rent on own building occupied Rs. 2,000.

Pass necessary journal entries for the above omission and recomputed the fund.

22. Net profit for the year 2010 is Rs. 18 lacs. Net profit for the year 2011 is Rs. 60 lacs. Number of equity shares outstanding till 30-09-2010 is 20 lacs. Bonus issue on 01-10-2011 = 2 (new) : 1 (old). Calculate EPS for the year 2011 and adjusted EPS for the year 2010.
23. What is Valuation Balance Sheet ? Draw a format of valuation balance sheet. The statement prepared to find out the excess of Life fund over net liability as per actuarial valuation is known as Valuation Balance Sheet.

(5 × 6 = 30 marks)

Section C

Answer any two questions.

Each question carries 10 marks.

24. Following figures have been obtained from the books of Rai Bank Ltd. for the year ending 31st March 2011 (figures in '000) :

Issued and subscribed capital Rs. 1,000, Interest and discount earned Rs. 3,800, Commission and exchange earned Rs. 195, Interest paid Rs. 2,000, Salaries and wages Rs. 210, Directors fees Rs. 35, Rent and taxes Rs. 70, Post age and telegrams Rs. 61, Profit on sale of investments Rs. 240, Loss on sale of investments Rs. 38, Rent received Rs. 62, Depreciation Rs. 31, Stationary Rs. 60 and Auditors fees Rs. 8.

Additional information :

- (a) The profit and loss account had a balance of Rs. 10,00,000 on 1st April 2010.
- (b) An advance of Rs. 12,00,000 has become doubtful and it is expected that only 50 % of the amount due can be recovered from the security.
- (c) The provision of tax is made at 50 %.
- (d) A dividend of 10 % is proposed.

Prepare Profit and Loss Account of Rai Bank Ltd for the year ending 31st March 2011.

Turn over

25. The following are the liabilities and assets of the holding company H Ltd. and its subsidiary S Ltd. as on 31st December 2014 :

<i>Liabilities</i>	H Ltd. Rs.	S Ltd. Rs.	<i>Assets</i>	H Ltd. Rs.	S Ltd. Rs.
Share Capital :			Sundry Assets	2,60,000	2,40,000
Shares of Rs. 10 each	4,00,000	2,00,000	Investments :		
Profit and Loss Account	80,000	20,000	20,000 shares in S Ltd.	3,00,000	
General Reserve	40,000	4,000			
Current Liabilities	5,60,000	2,40,000		5,60,000	2,40,000

H Ltd. acquired the shares of S Ltd. on 31st December 2014. Prepare the Consolidated Balance Sheet.

26. From the following information prepare Revenue Account of Safe Insurance Co. Ltd. as on 31st March 2011 (figures in 000s) :

Claims by death Rs. 1,52,280, Claims by maturity Rs.60220, Premiums Rs. 14,11,380, Transfer fees Rs. 258, Consideration for annuities granted Rs. 1,64,254, annuities paid Rs. 1,06,922, Bonus in cash Rs. 4,832, Expenses of Management Rs.63,840, Commission Rs.19,148, Interest and dividend Rs.1,95,680, Income tax Rs.11,420, Surrenders Rs.26280, Bonus in reduction of premium Rs. 1960, Dividends to shareholders Rs. 11,000 and Life Assurance Fund Rs. 3,04,2,000.

27. Write down the entries for redemption of debentures under sinking fund method.

(2 × 10 = 20 marks)