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(Pages : 8)

N – 7903

Reg. No. : .....

Name : .....

Fourth Semester B.Com. Degree Examination, August 2022

First Degree Programme under CBCSS

Core Course

CO 1443/CC 1444 : CORPORATE ACCOUNTING

(Common for Commerce/Commerce with Computer Application)

(2019 Admission Onwards)

Time : 3 Hours

Max. Marks : 80

SECTION – A

Answer **all** questions, each question carries **1** mark.

1. Write the journal entry for advance payment of tax of ₹ 10,000.
2. What you mean by contingent assets?
3. What you mean by provision?
4. What is meant by rebate on bill discounted?
5. What do you mean by capital adequacy ratio?
6. Define Internal Reconstruction?
7. What is EPS?
8. Expand IFRS?

P.T.O.

9. What is meant by life insurance?

10. Which account is used to transfer Balance of Capital Reduction account?

(10 × 1 = 10 Marks)

SECTION – B

Answer any **eight** questions, each question carries **2** marks.

11. What are the objectives of internal reconstruction?

12. What you mean by depreciation?

13. State the meaning of Bonus in Reduction of Premium.

14. What is meant by Life assurance fund?

15. What you mean by actuarial valuation?

16. What do you mean by divisible profit?

17. What do you mean by revenue reserve?

18. State the meaning of scrip dividend.

19. How profit prior to incorporation treated in accounts?

20. Define financial reporting.

21. What are international accounting standards?

22. What you mean by measurement of financial elements?

23. What is Profits prior to incorporation?

24. What is meant by liquidation?

25. What are non-banking assets?

26. State the meaning of Loss assets?

(8 × 2 = 16 Marks)

SECTION – C

Answer any **six** questions, each question carries **4** marks.

27. As on 31st March 2021, the books of South Indian Bank Ltd. Including among others, had the following balances :

Rebate on bills discounted (01-04-2020) ₹ 32,000; discount received ₹ 4,60,000; bills discounted and purchased ₹ 31,54,700

Throughout 2020-21, the bank's rate for discounting has been 18%. On investigation and analysis, the average due date for the bills discounted and purchased is calculated as 15th May 2021 and that of the bills for collection as 15th April 2021. Calculate the amount to be credited to P & L a/c under discount earned for the year 2020-2021.

28. From the following pass journal entries for unexpired discount as on 31st March 2021. Rebate on bills discounted (01-04-2020) ₹ 32,480, unexpired discount ₹ 22,480.

29. Dolphy Company had net income of ₹ 65,000. The weighted-average common shares outstanding were 20,000. The company sold 10,200 shares before the end of the year. There were no other stock transactions. Calculate company's earnings per share?

30. Spark Ltd. having 20,000 equity shares of ₹ 10 each fully paid decides to return its members ₹ 3 per share and makes shares as ₹ 7 each fully paid. Write journal entry?

31. Aram Co Ltd. incorporated on 1st April 2020 took over a running business from 1st January 2020. The company prepared its final account on 31st December 2020. From the following information, you are required to calculate total sales for the pre and post incorporation period.

    (a) Sales from January 2020 to December 2020 ₹ 3,60,000

    (b) Sales for the month of January twice the average sales, for the month of February equal to average sales, for 4 months from May to August ¼ of the average sales of each month and sales for October and November three times the average sales.

32. Fire man Company ltd took a fire insurance policy ₹ 1,00,000 on 1st January 2020 against loss of stock by fire. On 21st February 2020 fire broke out and stock in hand on the date of fire is ₹ 1,40,000 out of which stock destroyed is estimated to be ₹ 70,000. Calculate the claim admitted by the insurance company

33. The Life time Ltd has an all-equity capital structure consisting of 1,00,000 ordinary shares of ₹ 10 per share. The firm wants to raise ₹ 2,50,000 to finance its investment and is considering to borrow 2,50,000 at 8% per cent rate of interest. If the firm's earnings before interest and taxes after additional investment are ₹ 3,12,500 and tax rate is 50%. Calculate earnings per share?

34. From the following information prepare Surplus/ Deficit in the Statement of Profit and Loss.

Net profit for the year	₹ 25,00,000
Balance Statement of Profit & Loss of previous year	₹ 10,00,000
10% Preference Share capital	₹ 5,00,000
Equity Share Capital	₹ 4,00,000

Transfer 5% to General reserve

The Board of Directors have proposed 15% dividend on equity shares.

Corporate dividend tax 17%

Transfer ₹ 51,500 to debenture sinking fund

35. Discuss any two types of Reserves.

36. Gayathri Ltd. Passed necessary resolution and received sanction of the court for the reduction of its Share Capital by ₹ 2,50,000 for the purpose enumerated here under :

(a) To write off the debit balance of P & L A/c ₹ 1,05,000.

(b) To reduce the value of plant and machinery by ₹ 45,000 and of Goodwill by ₹ 20,000.

(c) To reduce the value of investments to market value by writing off ₹ 40,000.

The reduction was made by converting 25,000 preference shares of ₹ 20 each fully paid to the same number of preference shares of ₹ 15 each fully paid and by converting 25,000 equity shares of ₹ 20 each, ₹ 15 paid up into 25,000 equity shares of ₹ 10 each fully paid.

Write necessary journal entries in relation to the reduction of share capital.

37. List out the statutory books maintained by insurance companies?

38. Discuss the Objectives of Financial Statements.

(6 × 4 = 24 Marks)

SECTION – D

Answer any **two** questions, each question carries **15** marks.

39. Explain the Need for IFRS Convergence.

40. Bright Co Ltd carried forward balances of ₹ 80,000 from the P & L a/c from the year ended 31st March 2021. During the year 2021-22 it made a further profit of ₹ 3,00,000 before providing taxation. It was decided that the following decisions carried out

(a) Provision for taxation ₹ 1,00,000

(b) Dividend equalisation reserve ₹ 20,000

(c) Dividend on 8% preference shares of ₹ 2,00,000

(d) Dividend at 15% on 30,000 equity shares of ₹ 10 each fully paid

(e) General Reserve ₹ 30,000

(f) Development rebate reserve ₹ 30,000

Show the Appropriation and pass journal entries for the above.

41. Following balances are extracted from the books Lead Bank Ltd. Prepare profit and loss account for the year ended 31st March 2022.

	₹ in lakhs	₹ in lakhs
Share Capital : 100,000 shares of 10 each (₹ 5 paid)		500
Reserve Fund		1,000
Fixed Deposit		2,000
Savings Bank Deposit		3,000
Current A/c		7,000
Borrowed from bank		200
Investments	3,000	
Premises	1,200	
Cash in Hand	60	
Cash at Bank	2,800	
Money at Call & Short notice	300	
Interest Accrued & paid	200	
Salaries	80	
Rent	30	
P & L a/c (01-04-21)		160
Interest Earned		450
Bills discounted	500	
Bills Payable		800
Loans & Advances	7,000	

	₹ in lakhs	₹ in lakhs
Unclaimed dividend		30
Sundry Creditors		30
	15,170	15,170

The bank had the bills for ₹ 1,400 as collection for its constituents and also acceptances and endorsement for the amounting to ₹ 400.

42. Following are the balances of Garuda Ltd as on 31st March 2022 :

Particulars	Credit	Particulars	Debit
	₹		₹
Share Capital (₹100 each)	40,00,000	Premises	30,72,000
12% Debentures	30,00,000	Plant	33,00,000
Profit & Loss Account	2,62,500	Stock	7,50,000
Bills Payable	3,70,000	Debtors	8,70,000
Creditors	4,00,000	Goodwill	2,50,000
Sales	41,50,000	Cash in and Bank	4,06,500
General Reserve	2,50,000	Calls in arrear	75,000
Provision for Bad debts (1-4-21)	35,000	Interim dividend paid	3,92,500
		Purchases	18,50,000
		Preliminary Expenses	50,000
		Wages	9,79,800
		General Expenses	68,350
		Salaries	2,02,250
		Bad Debts	21,100
		Debenture Interest paid	1,80,000
	1,24,67,500		1,24,67,500

Additional Information :

(a) Depreciate plant 15%

(b) Write off ₹ 5,000 from preliminary expenses

(c) Half year's debenture interest due

(d) Create 5% provision on debtors for doubtful debts

(e) Provide for income tax at the rate 50%

(f) Stock on 31st March 2022 was ₹ 9,50,000

Prepare profit and loss account and notes to account for the same?

43. Radhika Ltd was incorporated on 01-07-2021 to take over the business of Krishna Ltd with effect from 01-04-2021. The following is the P & L a/c for the year ending 31-12-2021 of Radhika Ltd.

	₹		₹
Opening Stock	1,20,000	Sales (up to 30-6-21, ₹ 1,00,000)	3,00 000
Purchases	1,75,000		70,000
Balance c/d	75,000	Closing Stock	
	3,70,000		**3,70,000**
Administrative Expenses	18,000	Balance b/d	75,000
Directors Fee	3,000		
Selling Expenses	36,000		
Audit Fee	1,000		
Preliminary Expenses	3,000		
Net profit	14,000		
	75,000		75,000

You are required to prepare a statement showing the profit earned prior to and after incorporation and state how profit earned during the respective period may be dealt with in the accounts.

44. Explain the Role of IASB in Developing IFRS.

(2 × 15 = 30 Marks)