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D3BCM1804 (S3)

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Reg. No:.....

Name: .....

**THIRD SEMESTER B.Com DEGREE EXAMINATION, NOVEMBER 2022**

**(Supplementary 2018 Admission)**

**FINANCE & C.A.**

**EBCM3B04T: CORPORATE ACCOUNTING**

**Time: 3 Hours**

**Maximum Marks: 80**

**SECTION A: Answer All the questions. Each carries 1 mark.**

**Choose the correct answer.**

1. The period over which an asset is expected to be economically usable by one or more users is called .....  
A) economic life            B) useful life            C) guaranteed life            D) incremental life
2. As per Ind AS 115, a promise to transfer to the customer either goods or services is known as .....  
A) agreement            B) contract            C) performance obligation            D) liability
3. Capital Account in double account system contains .....  
A) all assets and liabilities            B) long term assets and long-term liabilities  
C) revenue expenses and incomes            D) appropriation of profits
4. Ind AS 103 deals with .....  
A) business amalgamations            B) business merger  
C) parent company            D) subsidiary company
5. Minority Interest is also known as .....  
A) controlling interest            B) acquisition interest  
C) non controlling interest            D) none of these

**Fill in the Blanks.**

6. IFRS .....deals with business combinations.
7. The difference between the total income and total expenditure of an electricity company is known as .....
8. A parent company and its subsidiary is jointly known as .....
9. Loans on which the lender promises to waive repayment is called ..... loan.
10. .... are the employee benefits that are payable after the completion of the employment.

**(10 x 1 = 10 Marks)**

**SECTION B: Answer any Eight questions. Each carries 2 marks.**

11. What is deferred tax asset?
12. Explain operating activities. Give two examples.
13. What is share based payment?
14. Write a short note on reasonable return.

**(P.T.O.)**

15. What is lease?

16. A Ltd. manufactures toys. It has incurred the following expenses:

	Rs.
Cost of raw materials	600000
Rebate on purchase	30000
Wages	110000
Depreciation of machinery	20000
Electricity charges (factory)	16500
Factory supervision charges	10500

Calculate cost of purchase and cost of conversion

17. Mahindra Ltd. purchased a second hand machinery in exchange of 10000 units of its own equity shares @ Rs. 850. Fair value of equity share on the date of transaction was Rs.900 per share. How to measure the machinery? Give the accounting entry.
18. What is bargain purchase?
19. Akas Electric Company earned a clear profit of Rs. 86,23,000 during the year ended 31<sup>st</sup> March 2021. Its reasonable return is calculated at Rs.75,86,000. Show how the surplus is disposed of by the Company. Also give adjusting entry.
20. Describe intra group trading.

(8 x 2 = 16 Marks)

**SECTION C: Answer any Six questions. Each carries 4 marks.**

21. Vijay Ltd. is constructing a fixed asset. Following are the expenses incurred on the construction. Materials Rs. 20,00,000, Direct expenses Rs. 5,00,000, Total direct labour Rs. 10,00,000 (one tenth of the total labour time was chargeable to the construction) Total office and administrative expenses Rs.16,00,000 (5% is chargeable to the construction). Depreciation on the assets needed for the construction of the asset Rs. 20,000. Calculate the cost of the asset.
22. Black Ltd. acquired machinery for Rs.100 lakh on which government offers a subsidy of 25%. The Subsidy is directly reimbursed to the seller on the basis of sales voucher supported by specified details of the buyer. The estimated life of the machinery is 10 years. The company follows straight line method of depreciation. Give entries in the books.
23. Explain the consolidation procedure.
24. E Ltd. had 8,000, 8% redeemable preference shares of Rs. 25 each, Rs. 20 called up. The Company decided to redeem the preference shares at 5% premium by the issue of sufficient number of equity shares of Rs. 10 each fully paid up at a premium of 10%. Pass journal entries relating to redemption.

25. Examine the scope of Ind AS 115.

26. From the following information calculate cash flow from operating activities under direct method.

**Summary of Cash Book**

	Rs.		Rs.
To Balance b/d	1,00,000	By Cash Purchases	1,20,000
To cash sales	1,40,000	By trade Payables	1,57,000
To Trade receivables	1,75,000	By office expenses	75,000
To Commission	50,000	By Income Tax	30,000
To sale of Investment	30,000	By Investment	25,000
To Loan from bank	1,00,000	By Repayment of Loan	75,000
To Interest and Dividend	1,000	By Interest on loan	10,000
		By balance c/d	1,04,000
	<b>5,96,000</b>		<b>5,96,000</b>

27. What are the provisions relating to Bonus issue?

28. A Ltd. has offered right issue to its existing shareholders. The existing share capital of the Company is Rs. 25,00,000. The market price of its share is Rs. 21. The company offers to its Shareholders the right to buy 2 shares at Rs. 5.50 each for every 5 shares held. You are required to calculate:

- i) Theoretical market price after rights issue
- ii) The value of right
- iii) Percentage increase in share capital.

**(6 x 4 = 24 Marks)**

**SECTION D: Answer any Two questions. Each carries 15 marks.**

29. Following is the B/S of A Ltd. as on 31<sup>st</sup> March 2022:

Liabilities		Assets	
Share Capital (5,000 shares of Rs.100 each, Rs. 60 paid)	3,00,000	Sundry Assets	10,00,000
Security Premium	40,000		
Reserve	2,70,000		
Profit and Loss	1,25,000		
Sundry Creditors	2,65,000		
	<b>10,00,000</b>		<b>10,00,000</b>

The company resolves to distribute Rs. 1, 50,000 as bonus to be utilised in paying up a call of 30 per share. Minimum reduction is to be made from free reserves. Pass necessary journal entries.

**(P.T.O.)**

30. Prepare Cash flow Statement for the year ended 31.3.2022

	(Rs.in lakh)
Net profit	25000
Dividend paid (Including dividend tax)	8535
Provision for income tax	5000
Income tax paid during the year	4248
Loss on sale of assets	40
Book value of assets sold	185
Depreciation charges to P & L A/C	20000
Amortization of capital grant	6
Profit on sale of investment	100
Carrying amount of investments sold	27765
Interest received on investments	2506
Interest expenses	10000
Interest paid during the year	10520
Increase in working capital (excluding cash and bank)	56075
Purchase of fixed assets	14560
Investment in joint venture	3850
Expenditure on construction work in progress	34740
Proceeds from calls in arrears	2
Receipt of grant for capital projects	12
Proceeds from long term borrowings	25980
Proceeds from short term borrowings	20575
Opening cash and bank balance	5003
Closing cash and bank balance	6988

31. H Ltd. acquired all the shares in S Ltd. on 1<sup>st</sup> January, 2022 and the balance sheet of the two companies as on 31<sup>st</sup> March, 2022:

Equity & Liabilities	H Ltd.	S Ltd.
Shareholders Fund:		
Share Capital	50,000	30,000
Reserve on 1-4-2019	20,000	15,000
Profit & loss A/c	25,000	10,000
Creditors	20,000	15,000
	<b>1,15,000</b>	<b>70,000</b>
Assets		
	<b>H Ltd.</b>	<b>S Ltd.</b>
Sundry Assets	65,000	70,000
Shares in S Ltd at cost	50,000	-----
	<b>1,15,000</b>	<b>70,000</b>

The profit and loss account of S Ltd. had a credit balance of Rs. 3,000 on 1<sup>st</sup> April, 2021.

Prepare Consolidated Balance Sheet as on 31<sup>st</sup> March, 2022.

(2 x 15 = 30 Marks)