

THIRD SEMESTER B.Com DEGREE EXAMINATION, NOVEMBER 2022**(Regular/Improvement/Supplementary)****FINANCE & COMPUTER APPLICATIONS****GBCM3B04T: CORPORATE ACCOUNTING****Time: 2 ½ Hours****Maximum Marks: 80****SECTION A: Answer the following questions. Each carries two marks.****(Ceiling 25 Marks)**

1. What is sinking fund?
2. Give an account on redemption by conversion.
3. What is meant by book building?
4. What is rebate on bills discounted?
5. Comment on NPA.
6. What is money at call and short notice?
7. Write a shot note on SLR.
8. What is 'paid up value' in insurance?
9. Give an account on reinsurance.
10. What are non-controlling interest?
11. Why date of acquisition of shares by holding company is important?
12. What are accounting policies?
13. Explain events after reporting period.
14. Net profit of X Ltd. for the year 2021 were ₹ 4,50,000. Number of equity shares outstanding until 30th September 2021 was 60,000 shares. On 1st October 2021 the company made a bonus issue of 1 share for every 4 shares. Calculate the basic EPS.
15. Profit & Loss statement of A Ltd. shows the balance of ₹ 10,000 on 31st March, 2021. Profit earned during the year 2021-22 was ₹ 20,000. Calculate profit for Pre and Post acquisition period in the following cases:
 - a. Shares in A Ltd were acquired by B Ltd on 1st April 2021.
 - b. Shares in A Ltd were acquired by B Ltd on 1st October 2021.

SECTION B: Answer the following questions. Each carries five marks.**(Ceiling 35 Marks)**

16. How do you measure and recognize 'related party transactions'?
17. State the advantages and disadvantages of consolidation of financial statements.
18. Explain slip system of ledger posting.
19. Calculate the amount of provision for a commercial bank for the year ended 31st March 2022 from the following details of assets:

	₹
Standard assets	42,00,000
Sub-standard assets (secured)	6,00,000
Loss assets	30,000
Doubtful debts	
1 year (unsecured ₹ 20,000)	60,000
2 years (unsecured ₹ 5,000)	12,000
5 years (unsecured ₹ 8,000)	20,000

(PTO)

20. A life insurance company gets its valuation made in every two years. Its life assurance fund on 31st March 2022 amounted to ₹ 41,40,000 before providing for the shareholders dividend ₹ 30,000. Its actuarial valuation on 31st March 2022 disclosed a net liability of ₹ 40,40,000. An interim bonus of ₹ 60,000 was paid to the policyholders during the year. Prepare a statement showing the amount now available to policyholders as bonus.
21. The following is the Balance sheet of A Ltd

		Amount ₹
I	Equity and Liabilities	
	1. Share holders' Fund	
	Equity share capital (30,000 shares of ₹ 10 each)	3,00,000
	Preference share capital (20,000 shares of ₹ 10 each)	2,00,000
	2. Reserves and Surplus	50,000
	3. Current liabilities	
	Creditors	50,000
	Outstanding expenses	30,000
		6,30,000
II	Assets	
	1. Non-current assets	
	Fixed assets	
	Tangible assets	
	Furniture	4,00,000
	Computers	50,000
	Intangible assets	
	Goodwill	50,000
	2. Current assets	
	Short term investments	20,000
	Bank	1,10,000
		6,30,000

It was decided to redeem the preference share at a premium of 10%. For this purpose investments were sold for ₹ 18,000. The company issued necessary equity shares for this purpose at par after utilising the divisible profits. Redemption was duly carried out. Give journal entries.

22. M Ltd. acquired 80% shares of N Ltd. on 30.6.2021 for ₹ 8,60,000. From the following information, compute:
- Pre-acquisition profit
 - Post-acquisition profit
 - Non-controlling interest on 31.3.2022 (date of consolidation)
 - Goodwill/gain on bargain purchase

The share capital of N Ltd. is ₹ 10,00,000 in 1,00,000 equity shares of ₹ 10 each fully paid.
Profit of N Ltd. on 1.4.2021 ₹ 60,000
Reserve of N Ltd. on 1.4.2021 ₹ 1,00,000
Profit of N Ltd. during the year 2021-22 ₹ 80,000.

23. From the following information prepare profit and loss account of National Life Insurance Co. Ltd. for the year ended 31-3-2022.

	₹
Surplus from Revenue a/c	62,50,000
Profit and Loss a/c (1-4-2021)	12,70,000
General expenses	11,00,000
Income from investments	3,40,000
Loss on revaluation of investments	1,00,000
Interim dividend paid	4,00,000

Make a provision for taxation @ 50%. Directors propose a final dividend @ 15% on its share capital of ₹ 80,00,000. Transfer ₹ 2,00,000 to contingency fund.

SECTION C: Answer any two questions. Each carries ten marks.

24. Explain buy back of shares. What are its objectives, advantages and disadvantages?
25. On 1st January 2021, N Ltd. had outstanding in its books 1,000, 12% Debentures of ₹ 100 each. The interest is payable on 30th June and 31st December every year. In accordance with the power in the deed, the directors acquired in the open market Debentures for immediate cancellation as follows:

2021 March 1 ₹ 10,000 @ ₹ 98.00 (cum-interest);
2021 August 1 ₹ 20,000 @ ₹ 100.25 (cum-interest);
2021 November 1 ₹ 5,000 @ ₹ 98.50 (ex-interest).

Pass necessary Journal Entries in the books of the company.

26. Prepare revenue account of Life Insurance Company for the year ended 31-3-2022.

	₹ (in '000)
Premium received	8,570
Reinsurance premium	340
Claims paid	4,040
Reinsurance claim	180
Annuities	140
Surrenders	270
Bonus	100
Interest, dividend, rent	446
Commission	220
Consideration for annuities	300
Salaries and allowances	216
Directors fees	100
Advertisement	60
Administration expenses	20

Additional information:

1. Claims intimated and admitted but not paid as on 31-3-2022 is ₹ 2,76,000
2. Bonus utilized in reduction of premium ₹ 40,000
3. Premium outstanding on 31-3-2022 ₹ 2,00,000

(PTO)

27. The following is the Balance sheets of H Ltd. and S Ltd. as on 31.12.2021

		H Ltd	S Ltd
I	Equity and Liabilities		
	1. Share holders' Fund		
	Share capital – Equity shares of ₹ 10 each fully paid	5,00,000	1,00,000
	2. Reserves and Surplus – P&L Account	55,000	40,000
	3. Current liabilities – Trade payables	20,000	35,000
		5,75,000	1,75,000
II	Assets		
	1. Non-current assets		
	Fixed assets		
	Tangible assets		
	Land	1,00,000	40,000
	Buildings	1,00,000	50,000
	Non-current investments – 8,000 equity shares of S Ltd.	1,25,000	--
	2. Current assets		
	Inventories	90,000	30,000
	Trade receivables	40,000	30,000
Bank	1,20,000	25,000	
		5,75,000	1,75,000

H Ltd. acquired shares in S Ltd. on 01.01.2021 when S Ltd. had ₹ 25,000 in Profit and Loss Account. No dividend has been declared by S Ltd. in 2021. You are required to prepare a Consolidated Balance Sheet of H Ltd, and its subsidiary S Ltd, as on 31.12.2021.

(2 × 10 = 20 Marks)