

**THIRD SEMESTER B.Com. DEGREE EXAMINATION, NOVEMBER 2023****(Regular/Improvement/Supplementary)****B.Com. Professional****GBCP3B09T: CORPORATE ACCOUNTING****Time: 3 Hours****Maximum Marks: 80****PART A: Answer *all* the questions. Each carries *one* mark.****Choose the correct answer.**

1. The right of existing shareholders to get shares out of fresh issue made by a company.  
A) Agreed right      B) Pre-emptive right      C) Value right      D) Surrender right
2. Accounting Standards for Government Grants is given in.....  
A) Ind AS 2      B) Ind AS 20      C) Ind AS 46      D) Ind AS 39
3. Capital A/c in double account system contains.  
A) Appropriation of profits      B) Revenue expense & income  
C) All assets & liabilities      D) Long term assets & long term liabilities
4. When X Ltd. acquires major shares in Y Ltd., X Ltd. is called.....  
A) Controlling Company      B) Major Company  
C) Parent Company      D) Subsidiary Company
5. Loss on issue of debenture is a.....  
A) Fixed asset      B) Current liability      C) Fictitious asset      D) Current asset

**Fill in the Blanks.**

6. Minimum lease payment should be apportioned between .....and the reduction of the outstanding liability.
7. Issue of right shares are made to .....
8. Depreciation under double account system is transferred to.....account.
9. Under Ind AS 103, assets and liabilities are recorded at.....
10. Balance of capital reduction a/c is transferred to .....

**(10 x 1 = 10 Marks)****PART B: Answer any *eight* questions. Each carries *two* marks.**

11. What do you mean by buy back of shares?
12. Give an account on slip system.
13. What do you mean by Annuity?
14. What is a finance lease?
15. Comment on Business Combination.

**(PTO)**

16. What is Capital Redemption Reserve?
17. Define Bonus Shares.
18. List the features of double account system.
19. What do you mean by redemption?
20. What are share based transactions?

**(8 x 2 = 16 Marks)**

**PART C: Answer any six questions. Each carries four marks.**

21. What are non-performing assets? How are they identified?
22. Explain the process of recognition and measurement of Goodwill at the time of business combination.
23. Explain the salient features of Ind AS 20.
24. What is clear profit? What are its components?
25. Dhyani Electricals built an electrical substation in 2001 at a cost of Rs.7,00,000. It decides to replace a larger one with more capacity. The new one will cost Rs.54,00,000.  
The material, labour and overhead cost are increased by 200% now than the earlier cost.  
Give entries for replacement of substation.
26. Lal Traders Ltd. had an outstanding balance of Rs.12,00,000, 11% debentures of Rs.100 each redeemable, at a premium of 5%. According to the terms of redemption, the company redeemed 25% of the above debentures by converting them into shares of Rs.10 each at a premium of Rs.5. Give entries for redemption of debentures.
27. Gokul Ltd. has owned 75% of the share capital of EC Ltd. since the date of EC Ltd's incorporation.

The balance sheet of EC Ltd is as follows:

**Assets**

Non Current Assets	: 5,00,000
Current Assets	: 4,00,000
<b>Total Assets</b>	<b>: 9,00,000</b>

**Liabilities & Equities**

40,000 shares of 10 each	: 6,00,000
Retained earnings	: 1,20,000
Current liabilities	: 1,80,000
<b>Total</b>	<b>: 9,00,000</b>

Calculate the Non-Controlling Interest

28. Royal Life Insurance Corporation gets its valuation made once in every 2 years. Its Life Assurance fund on 31<sup>st</sup> December 2020 amounted to Rs.40,00,000 before providing Rs.40,000 for the shareholders' dividend for the year 2020. Its actual valuation done on 31<sup>st</sup> December, 2020, disclosed

a net liability of Rs.38,000 under assurance annuity contracts. An interim bonus of Rs.50,000 was paid to the policy holders during the 2 years ending 31<sup>st</sup> December, 2020. Prepare a statement showing the amount now available as bonus to policy holders.

(6 x 4 = 24 Marks)

**PART D: Answer any *two* questions. Each carries *fifteen* marks.**

29. What are Bonus shares? What are its sources? Explain the condition and guidelines for issue of bonus shares.
30. On 31<sup>st</sup> March, 2020, while closing the books of Yes Bank Ltd, it is found that the loan ledger shows an unsecured balance of Rs.2,00,000 in the account of Mr. Rahul whose financial condition is reported as bad and doubtful, interest accrued on that account is Rs.20,000. On 1<sup>st</sup> July 2020, the bank accepted a dividend of Rs.1.50 in full settlement of amount due up to 31<sup>st</sup> March 2020. You are required to pass necessary journal entries and prepare necessary ledger accounts.
31. The following balance sheets have been prepared at 31<sup>st</sup> December, 2020.

	M Ltd.	N Ltd.
Property, Plant & Equipment	8,50,000	1,80,000
Shares in N Ltd.	6,00,000	--
Current Assets	<u>16,00,000</u>	<u>8,40,000</u>
	<b><u>30,50,000</u></b>	<b><u>10,20,000</u></b>
Share Capital (Rs.10 shares)	6,50,000	2,00,000
Security Premium	3,50,000	1,00,000
Retained Earnings	7,00,000	2,50,000
Current Liabilities	<u>13,50,000</u>	<u>4,70,000</u>
	<b><u>30,50,000</u></b>	<b><u>10,20,000</u></b>

M Ltd. acquired 16,000 equity shares of Rs.10 each in N Ltd on 1<sup>st</sup> January, 2020, when N Ltd's retained earnings stood at Rs.2,00,000. On this date the fair value of the 20% non-controlling shareholding in N Ltd. was Rs.1,25,000. M Ltd. group uses the fair value method to value the non-controlling interest.

Prepare consolidated balance sheet of M Ltd. as at 31<sup>st</sup> December, 2020.

(2 x 15 = 30 Marks)