

D3BCM2304

Reg. No.....

Name:

THIRD SEMESTER B.Com. DEGREE EXAMINATION, NOVEMBER 2024

(Regular/Improvement/Supplementary)

FINANCE AND COMPUTER APPLICATION

GBCM3B04T: CORPORATE ACCOUNTING

Time: 2 ½ Hours

Maximum Marks: 80

SECTION A: Answer the following questions. Each carries *two* marks.

(Ceiling 25 marks)

1. How to calculate the value of a right?
2. What is book building method of issue of shares?
3. Explain the utilization of capital redemption reserve account.
4. What is meant by re-insurance?
5. What do you mean by non-banking assets?
6. What do you mean by rebate on bills discounted?
7. Comment on Non-Performing assets.
8. What is an annuity granted by a life insurance company?
9. Explain sinking fund method for redemption of debentures.
10. What are the advantages of buy back of shares?
11. A company has 10000, 9% debentures of Rs.100 each at par. On a future date, the company purchased its own debentures from open market at Rs.101 each and cancelled them immediately. Journalize.
12. Comment on redemption of debentures by conversion.
13. Explain Related Party transaction as per Ind AS 24.
14. What is the purpose of preparing consolidated financial statements?
15. Distinguish between a parent and subsidiary company.

SECTION B: Answer the following questions. Each carries *five* marks.

(Ceiling 35 marks)

16. Z Ltd. Resolved to buy back 3,00,000 of its fully paid equity shares of Rs.10 each at Rs.12 per share. For the purpose, it issued 10,000 13% preference shares of Rs.100 each at par, the total sum being payable with applications. The company uses Rs. 8,50,000 of its balance in Securities Premium Account apart from its adequate balance in General Reserve Account to fulfill the legal requirements regarding buy back. Journalize the transactions involved in buy back.

(PTO)

17. A company has 40 000,12% redeemable preference shares of Rs.100 each, fully paid. The company decides to redeem the shares on December 31,2021 at a premium of 5 %. The company made the following issues:

- a. 1,00,000 equity shares of Rs.10 each at a premium of 10 %.
- b. 10,000, 14% debentures of Rs. 100 each.

The issue was fully subscribed and all the amounts were received. The redemption was carried out. The company has sufficient profits. Give Journal entries.

18. Write the Journal entries for redemption of debentures in the following cases:

- a. When debentures are redeemed at par.
- b. When debentures are redeemed at a premium.
- c. When debentures are purchased as investments.
- d. When debentures are purchased as investments and the purchase price is higher than the face value of debentures.

19. B Ltd. Purchases for immediate cancellation 2,000 of its own 12% debentures of Rs.100 each on 1st December 2021, the dates of interest being 31st March and 30th September. Pass journal entries relating to the cancellation if:

- a. Debentures are purchased at Rs. 92 ex-interest.
- b. Debentures are purchased at Rs. 92 cum-interest.

20. The following particulars are extracted from the Trial Balance of M/s. South Indian Bank Ltd. for the year ending 31st March 2022:

a. Interest and Discount	Rs. 96,62,400
b. Rebate on Bills Discounted (balance on 1/4/2019)	Rs. 65,040
c. Bills discounted and purchased	Rs. 67,45,400

It is ascertained that proportionate discount not yet earned on the bills discounted which will mature during 2021-2022 amounted to Rs. 92,760.

Pass the necessary journal entries adjusting the above and show in the ledger of the Bank:

- i. Rebate on Bills discounted Account.
- ii. Interest and Discount Account.

21. D Limited provided you the following information.

Bills for collection at the beginning of the year	10,00,000
Bills received during the year for collection	1,40,00,000
Bills collected during the year	95,00,000
Bills dishonored during the year	15,00,000

Prepare Bills for collection account for assets and liabilities side and calculate bills for collection at the end of the year.

22. Explain the classification of Non-Performing Assets with suitable examples.
23. In 2023 ABC Co. had a basic EPS of Rs. 105 based on earnings of Rs. 1,05,000 and 1,00,000 ordinary Re. 1 shares. It also had in issue Rs. 40,000, 15% convertible loan stock which is convertible in two years' time at the rate of 4 ordinary shares for every Rs. 5 of stock. The rate of tax is 30%. In 2023 Gross Profit of Rs. 2,00,000 and expenses of Rs. 50,000 were recorded, including interest payable of Rs. 6,000. Calculate diluted EPS.

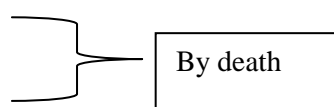
SECTION C: Answer any two questions. The question carries ten marks.

24. The under mentioned balances form part of the Trial Balance of the All Peoples Assurance Co. Ltd as on 31st March 2022:

Particulars	Rs.(‘000)
Amount of Life Assurance Fund at the beginning of the year	14,70,562
Claims by death	76,980
Claims by maturity	56,420
Premiums	2,10,572
Expenses of management	19,890
Commission	26,541
Consideration for annuities granted	10,712
Interests, dividends and rents	52,461
Income tax paid on profits	3,060
Surrenders	21,860
Annuities	29,420
Bonus paid in cash	9,450
Bonus paid in reduction of premiums	2,500
Preliminary expenses balance	600
Claims admitted but not paid at the end of the year	10,034
Annuities due but not paid	2,380
Capital paid up	14,00,000
Government securities	24,90,890
Sundry fixed assets	4,19,110

Prepare Revenue Account and the Balance sheet after taking into account the following:

- (a) Claims covered under reinsurance Rs. 10,000 thousand.
- (b) Further claims intimated Rs. 8,000 thousand.
- (c) Further bonus utilised in reduction of premium Rs. 1,500 thousand.
- (d) Interest Accrued Rs. 15,400 thousand.
- (e) Premiums Outstanding Rs. 7,400 thousand.



(PTO)

25. The following figures have been obtained from the books of the Punjab Bank Ltd.
For the year ending 31st March 2024:

Particulars	Amount in Rs.(‘000)
Interest and discount earned	3800
Commission and exchange	195
Interest paid	2000
Salaries and wages	210
Directors fees	35
Rent and taxes	70
Postage	61
Profit on sale of investments	240
Loss on sale of investments	38
Rent received	62
Depreciation	31
Stationery	60
Auditors fees	8

Additional Information:

- (a) The Profit and Loss account had a balance of Rs. 10,000,00 on 1st April 2023.
- (b) An advance of Rs.5,68,000 has become doubtful and it is expected that only 50 % of the amount due can be recovered from the security.
- (c) The Provision for tax be made at 35%.
- (d) A dividend @10% is proposed. Also provide for dividend tax @17% of the amount proposed to be distributed.

Prepare Profit and Loss account of the Punjab Bank Ltd for the year 31st March 2024.

26. How changes in Accounting policies are dealt under Ind AS-8? Explain the accounting treatment of errors under this standard?
27. Describe the preparation of consolidated balance sheet as per Ind AS-110.

(2 × 10 = 20 Marks)