

(Pages : 6)

S -

Reg. No. :

Name :

**Sixth Semester B.Com. LL.B. (Five Year Integrated) Degree
Examination, November 2023**

Paper I : CORPORATE ACCOUNTING

(2020 Admission)

Time : 3 Hours

Max. Marks : 80

SECTION – A

Answer any **five** questions. Each question carries **2** marks.

1. What are extraordinary items in the Profit and Loss of Companies? Give examples.
2. What do you mean by time ratio and sales ratio?
3. How is dividend distribution tax treated in company accounts?
4. What do you mean by Diluted EPS?
5. State the difference between NPA and NBA.
6. What is reserve for unexpired risk?
7. What is consolidation and subdivision of shares.

(5 × 2 = 10 Marks)

P.T.O.

SECTION – B

Answer any **four** questions. Each question carries **4** marks.

8. From the following data, prepare relevant notes to accounts

	(Rs. in 0000's)		(Rs. in 0000's)
Salaries	250	Contribution to Gratuity	72
Outstanding wages	50	Interest expenses	25
Wages	150	Contribution to PF	200
Brokerage	5	Interest on debentures	6
Staff welfare expenses	150	Expenses on ESPP	28

9. Following is the capital structure of Akash Ltd.

Equity share capital as on 31.03.2018

7,00,000 shares of Rs. 10 each	70,00,000
8% Non-cumulative preference shares	
1,00,000 shares of Rs. 10 each	10,00,000
10% cumulative preference	
3,00,000 shares of Rs. 10 each	30,00,000

The profits of the company for the year ended 31st March 2018 before providing for preference dividend is Rs. 12,00,000. Calculate basic EPS.

10. Write a note on AS20.
11. Explain asset classification in banks for provisioning purposes.
12. What is profit prior to incorporation? Mention the purposes for which it can be utilised.

(4 × 4 = 16 Marks)

SECTION – C

Answer any four questions. Each question carries 6 marks.

13. The Life fund of a life insurance business was Rs.96,48,000 as on 31/03/19. The interim bonus paid during the inter-valuation period was Rs.2,48,000. The periodical actuarial valuation determined the net liability at Rs.84,25,000. Surplus brought forward from previous valuation was Rs.9,52,000. The directors of the company proposed to carry forward Rs.10,31,000 and divide the balance between shareholders and policy holders.

Prepare Valuation B/S and statement showing distribution of surplus.

14. Explain Accounting Standards and the benefits of its convergence with IFRS.
15. Explain the provisions and benefits of Internal reconstruction.
16. A company was incorporated on 30 April in order to acquire the business of a private firm as of 1 January. The company closes its books on 31 December. The gross profit for the whole period was calculated at Rs.1,20,000.

The sales for the month of August were 3 times the average, 2 times the average for January and July, 1.5 times for October and December, and it 0.5 times for November.

Estimate the gross profit earned prior to incorporation.

17. The following is an extract of trial balance of Fed Bank Ltd as on 31.03.2020.

Bills Discounted	Rs.25,75,000(Dr)
Rebate on bills discounted (1.4.2019)	Rs. 15,250 (Cr)
Discount Received	Rs. 72,750(Cr)

An analysis of the bills discounted as mentioned above shows the following

Date of Bill	Amount Rs.	Period	Rate of discount
13.01.2020	3,75,000	4 months	18%
17.02.2020	3,00,000	3 months	18%
06.03.2020	2,00,000	4 months	16%
16.03.2020	1,00,000	2 months	15%

Calculate the amount to be credited to Profit and Loss account.

(4 × 6 = 24 Marks)

SECTION – D

Answer any **three** questions. Each question carries **10** marks.

Prepare the Profit and Loss account of Kerala Bank Ltd for the year ended 31.03.2020 under the provisions of the Act applicable.

	Rs. in 000's		Rs. in 000's
Interest on loans	518	Postage, telegram and telephone	2.8
Interest on cash credit	446	Sundry charges	2
Discount on cash credits	390	Advertisement and Publicity	1.4
Interest on overdrafts	108	Directors fee	6
Interest on savings bank deposits	220	Printing and Stationery	0.4
Interest on fixed deposits	554	Law Charges	1.4
Commission, exchange and Brokerage.	16.4	Payment to employees	108
Rent, taxes and lighting	36	Locker rent	0.7
Auditors fee	2.4	Transfer fees	1.4
		Depreciation on bank's property	10

Additional information:

- (a) Rebate on bills discounted Rs.98,000.
- (b) Provide Rs.58,000 for bad debts.

Following is the Balance Sheet of Indigo Ltd. as on 31.3.2019.

Liabilities	Amount Rs.	Assets	Amount Rs.
Authorised capital 20000 Equity shares of Rs.10 each	2,00,000	Goodwill	10,000
Paid up capital		Land and Buildings	20,500
2000 Equity shares of Rs.10 each	1,20,000	Machinery	50850
Reserve		Preliminary Expenses	1,500
Reserve Call-in-arrear		Stock	10,275
Reserve 1000 × 3	9,000	Book debts	15,000
	1,11,000		

Liabilities	Amount Rs.	Assets	Amount Rs.
Sundry creditors	15,425	Cash at Bank	1,500
Provision for tax	4,000	Profit and Loss account	22,000
		Less Current year profit	1,200
	<u>1,30,425</u>		<u>20,800</u>
			<u>1,30,425</u>

It is found that machinery is overvalued by Rs.10,000. it is proposed to write down this asset to its true value and to write off Profit and Loss account balance, Goodwill and Preliminary expenses by the adoption of the following scheme.

- (a) Forfeit the shares on which call is outstanding.
- (b) Reduce the paid up capital by Rs. 3 per share.
- (c) Re-issue the forfeited shares at Rs. 5 per share.
- (d) Utilise provision for tax, if necessary.

Give journal entries and show the new Balance sheet after Reconstruction.

20. The following are the balances extracted from the books of New Bharat Life insurance co. Ltd.. as on march 31st 2018. you are required to prepare its revenue account as on 31st March 2018.

	Rs. '000
Share capital of Rs. 10 paid up	250
Net liability in respect of life policies as on 31-3-2018	2,250
Net liability in respect of life policies as on 31-3-2017	2,000
Life fund as on 31-3-2017	2,450
Premium less reinsurance	1,380
Interest, dividend and rents	750
Commission	54
Surrenders	85

	Rs. '000
Surplus on revaluation of reversions	4
Reinsurance irrecoverable	1
Fines and fees	4
Income tax	118
Management expenses	175
Annuities paid	10
Claims less reinsurance claims	890
Considerations for annuities granted	45
Interim bonus paid	110
Transfer 20% of the surplus to shareholders. Allocate 10% of surplus to catastrophe reserve.	

21. Prepare the Revenue account and Balance sheet of a general insurance company as per IRDA guidelines, without attaching schedules.

(3 × 10 = 30 Marks)