

D 31529

(Pages : 4)

Name.....

Reg. No.....

**THIRD SEMESTER (CUCBCSS—UG) DEGREE EXAMINATION
NOVEMBER 2022**

B.Com.

**BCM 3B 04—CORPORATE ACCOUNTING
(2017—2018 Admissions)**

Time : Three Hours

Maximum : 80 Marks

Part I

*Answer all questions.
Each question carries 1 mark.*

I. Choose the correct answer :

- 1 An entity must measure its property, plant and equipment after initial recognition at :
 - a) Cost.
 - b) Cost less accumulated depreciation and impairment losses if any.
 - c) Cost less accumulated depreciation and impairment losses if any including cost of day to day servicing.
 - d) None of these.
- 2 An investment property should be measured initially at :
 - a) Cost.
 - b) Cost less accumulated impairment losses.
 - c) Depreciable cost less accumulated impairment losses.
 - d) Fair value less accumulated impairment loss.
- 3 Ind AS 28 deals with :
 - a) Investment in subsidiary.
 - b) Investment in parent company.
 - c) Separate financial statement.
 - d) Investment in associate and joint ventures.
- 4 Which of the following is not a source of redemption of debentures ?
 - a) Redemption out of capital.
 - b) Redemption out of borrowing from financial institutions.
 - c) Redemption out of profit.
 - d) Redemption by conversion.

Turn over

5. Cash receipts from customers for the sale of goods are cash flows from :
- Operating activities.
 - Investing activities.
 - Operating or financing activities.
 - Financing activities.

II. Fill in the blanks :

- Under double account system shares forfeited account is shown in _____.
- The accounting concept that is principally used to classify leases into operating and finance is _____.
- Adjustment of the carrying amount of an asset or liability or the consumption of an asset is defined as _____.
- The method of accounting for business combination is _____.
- As per Ind AS 115, a promise to transfer to the customer either good(s) or service(s) known as _____.

(10 × 1 = 10 marks)

Part II

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

- What is Double Account system ?
- What are the objectives of IFRS ?
- What is bonus issue ?
- What are non-redeemable debentures ?
- Explain the recognition principle of AS 103.
- What is Active market ?
- Explain Ind AS 11.
- What are government grants ?
- Explain IFRS 13.
- What is intrinsic value of shares ?

(8 × 2 = 16 marks)

Part III

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

- 21 While preparing its financial statements for the year ended 31-3-2020, a company made a provision for bad debts at 4 percent of its total debtors as per trend follows in the previous years. In the first week of March 2020 a debtor for Rs. 3,00,000 has suffered heavy loss due to an earthquake, the loss was not recovered by any insurance policy. In April 2020, the debtor becomes bankrupt. Can the company provide for the full loss arising out of the insolvency of the debtor in the final accounts for the year ended 31-03-2020 ?
- 22 Differentiate between bonus shares and right shares.
- 23 How buy-back of shares can be made ?
- 24 Explain the scope of IFRS 3.
- 25 Explain consolidation procedure in IFRS 10.
- 26 X Ltd. decided to buyback 5 % of 50 crores paid up equity capital. The face value one equity share is Rs. 5 but the market price per share is Rs. 7.50. X Ltd. takes the following steps for buy-back of shares :
- 1 To issue 7 % debentures of Rs. 50 each at par for face value of Rs. 50 crores.
 - 2 To utilise general reserve.
 - 3 To sell investment of Rs. 3.5 crores for Rs. 4 crores.
 - 4 To immediately cancel the shares bought back Journalise the transactions.
- 27 What is redemption by conversion? Give journal entries for it.
- 28 Explain Fair Value hierarchy.

(6 × 4 = 24 marks)

Part IV

*Answer any two questions.
Each question carries 15 marks.*

29. Explain impairment of assets as per AS 28.

Turn over

30. From the following data of X Ltd and Y Ltd as on 31-03-2020, calculate

- Net amount due to non-controlling interest.
- Cost of control.

	X Ltd.	Y Ltd.
I. Equity and Liabilities :		
a. Share capital [Rs. 100 each] ...	15,00,000	5,00,000
b. Reserves and surplus :		
i. General reserve ...	1,50,000	1,00,000
ii. Surplus a/c ...	2,00,000	75,000
II. Current Liabilities : ...	1,87,500	1,20,000
Total ...	<u>20,37,500</u>	<u>7,95,000</u>
Assets :		
a. Sundry assets ...	14,77,500	7,95,000
b. Investments ...	5,60,000	
4000 shares of Rs. 100 each		
Total ...	<u>20,37,500</u>	<u>7,95,000</u>

The assets of Y Ltd. included equipments worth Rs. 1,50,000 which was revalued at Rs 1,25,000. The investment of X Ltd. were in shares of Y Ltd. and were acquired on 31-3-2020.

31 Wind mill Ltd supplying electricity maintains its account on double account basis it incurred an expenditure of Rs. 25,00,000 to renovate its work. The relevant part of the old work had a cost of Rs. 10,00,000. The capacity of new work will be double the capacity of old work. A sum of Rs 5,00,000 is realised by the sale of old materials. Old materials of the value of Rs. 2,00,000 are used in the new works. Cost of escalation is as follows :

a) Material 20 percent ; b) Labour 25 percent ; c) Cost constitutes $\frac{3}{5}$ th for materials and $\frac{2}{5}$ th for labour.

Calculate :

- The amount of improvement to be capitalised.
- The amount to be written off to revenue.
- Journal entries to record the transactions.

(2 × 15 = 30 marks)