



K23P 1442

Reg. No. :

Name :

III Semester M.Com. Degree (C.B.S.S. – Reg./Supple./Imp.)
Examination, October 2023
(2020 Admission Onwards)
COM3C12 – CORPORATE ACCOUNTING

Time : 3 Hours

Max. Marks : 60

SECTION – A

Answer **any four** questions in this Section. **Each** question carries 1 mark for Part (a), 3 marks for Part (b) and 5 marks for Part (c).

1. a) What do you mean by pure holding company ?
b) Describe the difference between internal reconstruction and external reconstruction.
c) L T Ltd. went into liquidation with the following liabilities :
Secured creditors – Rs. 60,000 (securities realized Rs. 50,000)
Preferential creditors – Rs. 1,200
Unsecured creditors – Rs. 60,000
Liquidation expenses – Rs. 500
The liquidator is entitled to a remuneration of 2% on the amount realized (including securities in the hands of secured creditors). The various assets realized are Rs. 52,000.
Prepare the Liquidator's Statement.
2. a) What is amalgamation ?
b) What is non-controlling interest ? How it is calculated ?
c) The following is the Balance Sheet of A Ltd. and B Ltd. as on 31-3-2021 :

Equity and liabilities	A Ltd. (Rs.)	B Ltd. (Rs.)
Equity share capital (Rs. 10 each)	1,50,000	1,20,000
General reserve	95,000	10,000
10% Debentures	–	20,000
Sundry creditors	47,000	32,000
Total	2,92,000	1,82,000
Assets		
Fixed assets	1,40,000	75,000
Inventories	42,000	47,000
Debtors	30,000	50,000
Cash	80,000	10,000
Total	2,92,000	1,82,000

P.T.O.



A Ltd. agreed to take over the business of B Ltd.

- A Ltd. agreed to repay debentures of B Ltd.
- A Ltd. to revalue its fixed asset at Rs. 1,95,000.
- Shares of both the companies to be revalued on net assets basis after considering Rs. 50,000 towards the value of goodwill of B Ltd.
- The cost of absorption of Rs. 3,000 is met by A Ltd.
Calculate intrinsic value of share ?

- Who is an insurer ?
 - What are the difference between single entry system and double entry system ?
 - Balance sheet of H Ltd. and S Ltd. as on 31-12-2020.

Liabilities	H Ltd. (Rs.)	S Ltd. (Rs.)	Assets	H Ltd. (Rs.)	S Ltd. (Rs.)
Share capital (10 each)	2,00,000	1,00,000	Shares in S Ltd. (8,000 shares)	1,30,000	
General reserve	20,000	10,000	Other assets	1,20,000	1,26,000
Profit and loss	20,000	8,000			
Liabilities	10,000	8,000			
Total	2,50,000	1,26,000	Total	2,50,000	1,26,000

H Ltd. acquires shares in S Ltd. on 1-1-2020. On that date profit and loss account had a credit balance of Rs. 2,000 and in reserve Rs. 6,000. Calculate Revenue profit, Capital profit, Cost of control and NCI.

- Explain the meaning of Double Account System.
 - State the important differences between general insurance and life insurance.
 - What are the different methods of purchase consideration ?
- What do you mean by bonus shares ?
 - Explain the meaning and format of deficiency account.
 - The revenue account of a life insurance company shows the life assurance fund on 31-12-2019 at Rs. 62,213 before taking into account the following details :
 - Claims covered under reinsurance Rs. 12,000
 - Bonus utilized in reduction of life insurance premium Rs. 4,500
 - Interest accrued on securities Rs. 8,260
 - Outstanding premium Rs. 5,410
 - Claims intimated but not admitted Rs. 26,500
 What is the Life Assurance Fund after taking into consideration the above omissions ?



6. a) What is bargain purchase ?
 b) P Ltd. acquired 60% shares in Q Ltd. for Rs. 5,00,000. On the date of acquisition, fair value of asset of Q Ltd. was Rs. 14,50,000 and liabilities was Rs. 5,50,000. Calculate cost of control.
 c) P Ltd. acquired 60% shares in Q Ltd. for Rs. 5,00,000. On the date of acquisition, fair value of asset of Q Ltd. was Rs. 14,50,000 and liabilities was Rs. 5,50,000. Calculate NCI. (4×9=36)

SECTION – B

Answer the **two** questions in this Section. **Each** carries 12 marks.

7. a) **Balance Sheet as on 31-3-2020**

Liabilities	X Ltd. (Rs.)	Y Ltd. (Rs.)	Assets	X Ltd. (Rs.)	Y Ltd. (Rs.)
Share capital (Rs. 10 each)	8,00,000	2,50,000	Assets	10,00,000	4,00,000
Preference capital		50,000	Non-current investment in Y Ltd. at cost	2,50,000	
General reserve	1,90,000	35,000			
P and L	80,000	26,000			
Creditors	1,80,000	39,000			
	12,50,000	4,00,000		12,50,000	4,00,000

On 1-4-2019, X Ltd. acquired 70% equity shares and 40% preference shares of Y Ltd. Rs. 2,25,000 and Rs. 25,000 respectively. On that date, general reserve and surplus shows of Rs. 30,000 and Rs. 6,000 respectively. Prepare consolidated balance sheet.

OR

- b) Indian Insurance Co. Ltd. furnishes you the following information.
- On 31-12-2016 it had a reserve for unexpired risks to the tune of Rs. 40 crores. It comprised Rs. 15 crore in respect of marine insurance business, Rs. 20 crores in respect of fire insurance and 5 crore in respect of miscellaneous insurance business.
 - It's the practice of Indian Co. Ltd. to create reserve at 100 % of net premium income in respect of marine policies and at 50% of net premium income of fire and miscellaneous policies.
 - During 2017, the following business was conducted.

	Marine	Fire	Miscellaneous
Premium collected from			
a) Insured in respect of policies issued	18 crore	43 crore	12 crore
b) Other insurance companies in respect of risk undertaken	7 crore	5 crore	4 crore
Premium paid to other insurance companies business ceded	6.7 crore	4.3 crore	7 crore

Pass journal entries relating to unexpired risk reserve.



8. a) Liabilities	Amount (Rs.)	Assets	Amount (Rs.)
12000 shares of Rs. 10 each	1,20,000	Land and building	90,000
Creditors	30,000	Machinery	50,000
Bank O.D	28,000	Stock	17,000
		Debtors	20,000
		Profit and loss	1,000
Total	1,78,000	Total	1,78,000

The company went into voluntary liquidation and assets were sold for Rs. 1,50,000 payable as to Rs. 60,000 in cash (which sufficed to discharge creditors and bank O.D. and pay liquidation expenses of Rs. 2,000) and as to Rs. 90,000 by the allotment of Rs. 12,000 shares each of Y Ltd., Rs. 7.50 paid up, to the shareholders of X Ltd. Draw journal entries in the books of X Ltd. and Y Ltd. on the basis of amalgamation in the nature of purchase.

OR

b) X Ltd. Balance sheet as on 31-12-2020			
Liabilities	Amount (Rs.)	Assets	Amount (Rs.)
Share capital		Machinery	1,20,000
20,000 12% preference shares of Rs. 10 each	2,00,000	Land and building	1,90,000
10,000 equity shares of Rs. 10 each Rs. 9 paid	90,000	Stock	45,000
10,000 equity shares of Rs. 10 each, Rs. 5 paid	50,000	Debtors	90,000
6% mortgage debentures	1,00,000	Cash at bank	30,000
Interest outstanding on the debentures	6,000	Investment	40,000
Loan (secured on stock)	40,000	Patent	10,000
Trade Creditors	80,000	Profit and loss A/c	70,000
Creditors for salaries and wages	15,000		
Income tax payable	10,000		
Liabilities for workmen's compensation	2000		
Owing to govt. for telephone and purchase	2,000		
Total	5,95,000	Total	5,95,000

The company went into liquidation on 1-1-2021. The assets were realized as follows :

The liquidators are entitled to a commission at 2% on amount paid to unsecured creditors excluding preferential creditors and 2% of assets realized with exception of cash. The dividend on preference shares was not paid for the last year. Stock realized Rs. 30,000 and other assets excluding cash realized Rs. 4,00,000. All assets realized and payments made on 30-6-2021. Liquidation expenses Rs. 4,450. Prepare Liquidator's statement of Account.

(2×12=24)