



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.	S Ltd.	Assets	H Ltd.	S Ltd.
	(Rs.)	(Rs.)		(Rs.)	(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. **(4x9=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	2,50,000	
General reserve	1,90,000	35,000	Y Ltd. at cost		
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.
 - 1) 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.
 - 2) 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.
 - 3) 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)



K22P 1442

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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) Who is a Contributory ?
b) Write a note on amalgamation in the nature of merger ?
c) Financial statement of X Ltd. and Y Ltd. as on 31-3-2020

Liabilities	X Ltd. Rs.	Y Ltd. Rs.	Assets	X Ltd. Rs.	Y Ltd. Rs.
Share capital	10,00,000	6,00,000	Fixed asset	8,00,000	4,00,000
General reserve	1,00,000	80,000	Investment		
Creditors	2,00,000	1,20,000	12000 shares in Y Ltd.	1,60,000	
			10000 shares in X Ltd.		1,20,000
			Current asset	3,40,000	2,80,000
Total	13,00,000	8,00,000	Total	13,00,000	8,00,000

Prepare realization account.

2. a) What is double entry system ?
b) Who is a liquidator ? What are the functions of a liquidator ?
c) The following is the Balance Sheet of H Ltd. and S Ltd. as on 31-3-2021 :

Liabilities	H Ltd. Rs.	S Ltd. Rs.	Assets	H Ltd. Rs.	S Ltd. Rs.
Share capital	8,00,000	3,00,000	Fixed asset	6,50,000	3,20,000
Bills payable	3,50,000	1,60,000	Investment		
Creditors	40,000	20,000	24000 shares in S Ltd.	2,40,000	
			Current asset	3,00,000	1,60,000
Total	11,90,000	4,80,000	Total	11,90,000	4,80,000

Prepare consolidated Balance Sheet.

P.T.O.



3. a) What is cost of control ?
 b) What is holding company ? What are the disadvantages of holding companies ?
 c) Book value of assets : Plant – Rs. 96,000, Tools – Rs. 27,300, Stock – Rs. 42,500, Debtors – Rs. 53,400, R and D – Rs. 18,000, P and L – Rs. 98,000.
 Assets to be revalued : Plant – Rs. 59,000, Tools – Rs. 15,000, Stock – Rs. 30,000, Debtors – Rs. 48,700,
 R and D and P and L to be written off.
 Journalise the scheme of reorganisation.
4. a) Expand IRDA.
 b) What is general insurance ? What are the different types of general insurance ?
 c) What is statement of deficiency ? Illustrate the form of List H.
5. a) What do you mean by reinsurance ?
 b) Explain the advantages of double account system ?
 c) The Life Insurance Fund of Hindustan insurance company was Rs. 34,00,000 on 31-3-2018, Its actual valuation on this date disclosed a net liability of Rs. 28,80,000 an interim bonus of Rs. 40,000 was paid to the policy holders during the previous two years. It is now proposed to carry forward Rs. 1,10,000 and divide the balance sheet between the policy holders and shareholders. Show the net profit for the two year period and distribution of the profit.
6. a) What do you mean by intercompany holdings ?
 b) How to treat goodwill appearing in the balance sheet of subsidiary company ?
 c) Calculate NCI and cost of control.
 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	25,00,000	6,00,000	Fixed asset	20,40,000	6,00,000
General reserve	3,60,000	1,20,000	Investment		
P and L	2,40,000	1,80,000	40000 shares in S Ltd.	5,00,000	
Trade Creditors	3,50,000	1,00,000	Current asset	9,10,000	4,00,000
Total	34,50,000	10,00,000	Total	34,50,000	10,00,000



SECTION – B

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

7. a) Balance sheet of H Ltd. and S Ltd. as on 31-12-2020

Liabilities	Amount	Assets	Amount
	Rs.		Rs.
Share Capital (10 each)	1,50,000	Freehold property	34,000
Preference share capital	1,00,000	Plant	96,000
7% Debentures	60,000	Tools	27,300
Accrued interest	4,200	Investment	15,000
Loan secured	20,000	Stock	42,500
Creditors	50,000	Debtors	53,400
		R and D	18,000
		P and L	98,000
Total	3,84,200	Total	3,84,200

The scheme of organization is given below :

- a) Land at book value of Rs. 6,000 and valued at Rs. 14,000 is taken over by debenture holders in part payment. The remaining property is valued at Rs. 40,000.
- b) The investment valued at Rs. 22,000. To be taken over by loan creditors, Rs. 2,000 is refunded to company.
- c) The creditor for Rs. 18,000 has agreed to accept new second mortgage debentures carrying interest @ 10 % p.a in settlement of 15,500, another creditor for 10,000 agrees to accept cash at discount of 15 %.
- d) The equity shares are to be written down to Re 1 per share and preference shares to Rs 8 per share.
- e) The cost of scheme amounting Rs. 3,500 to be paid and written off.
- f) Equity share holders to subscribe and pay for two new shares of Re. 1 each for every one share held.
- g) The scheme of organization approved by the court.

Assets to be revalued at Plant – Rs. 59,000, Tools – Rs. 15,000, Stock – Rs. 30,000, Debtors – Rs. 48,700, R and D and P and L to be written off.

Journalise entries and restate the balance sheet.

OR



- b) Prepare Fire Insurance Revenue A/c as per IRDA regulations for the year ended 31 March 2017.

	Rs.
Claims paid	10,90,000
Legal expenses regarding claims	10,000
Premium received	17,50,000
Re insurance premium paid	1,00,000
Commission	2,00,000
Management expenses	3,00,000
Provision against unexpired risk	5,50,000
Claims unpaid 1-4-2016	50,000
Claims unpaid 31-3-2017	80,000

8. a) What is External reconstruction ? What are the accounting entries in the books of transferor and transferee company ?

OR

- b) A Ltd. Balance sheet as on 31-3-2020

Liabilities	H Ltd. Rs.	S Ltd. Rs.	Assets	H Ltd. Rs.	S Ltd. Rs.
Share capital	25,00,000	6,00,000	Fixed asset	20,40,000	6,00,000
General reserve	3,60,000	1,20,000	Investment		
P and L	2,40,000	1,80,000	40000 shares		
Trade creditors	3,50,000	1,00,000	in S Ltd.	5,00,000	
			Current asset	9,10,000	4,00,000
Total	34,50,000	10,00,000	Total	34,50,000	10,00,000

At the time of acquisition of H Ltd. of its holding of 40,000 shares in S Ltd., the latter company had undistributed profit and reserve amounting to Rs. 10,000. Prepare the Consolidate balance sheet.



K21P 1028

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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) Define the term Amalgamation.
- b) Distinguish between amalgamation by merger and by purchase.
- c) On 31st March 1999, X Ltd. was absorbed by Y Ltd., the later taking over all the assets and liabilities of the former on book values. The consideration for the business was fixed at Rs. 4,00,000 to be discharged by the transferee company in the form of its fully paid-up equity shares of Rs. 10 each, to be distributed among the shareholders of the transferor company, each shareholders getting two shares for every one share held in the transfer company. The of the two companies as on 31st March 1999 stood as under :

Liabilities	Y Ltd.	X Ltd.	Assets	Y Ltd.	X Ltd.
Authorised			Goodwill	2,00,000	60,000
Share Capital	15,00,000	5,00,000	Plant and		
Issued and			Machinery	4,12,000	1,00,000
Subscribed			Furniture	80,000	30,000
Capital of			Stock in		
Rs. 10 each	9,00,000	2,00,000	Trade	2,65,500	60,000
General			Sundry		
Reserve	1,80,000	50,000	Debtors	2,21,200	46,000

P.T.O.



Profit and Loss	20,502	12,900	Prepaid		
Workmen			Insurance	-	700
Compensation			Income Tax		
Fund	12,000	9,000	Refund	-	6,000
Sundry Creditors	58,567	30,456	Cash in Hand	869	356
Staff Provident			Cash at Bank	14,000	8,300
Fund	10,200	4,000			
Provision for					
Taxation	12,300	5,000			
	11,93,569	3,11,356		11,93,569	3,11,356

Amalgamation expenses amounting to Rs. 1,000 were paid by Y Ltd. You are required to :

Prepare Realisation Account and Equity Shareholders Account in the book of X Ltd. Prepare the Balance Sheet of Y Ltd. after amalgamation in the nature of merger.

2. a) Explain the meaning of reconstruction of a company. What are its types ?
 b) Distinguish between Absorption and Reconstruction of Companies.
 c) On January 31, 1998 a compulsory winding-up was made against X Company limited, the following particulars being disclosed :

	Book Value	Estimate to Produce
Cash in hand	100	100
Debtors	4,000	3,600
Land and Building	60,000	48,000
Furniture	20,000	20,000
Unsecured Creditors	20,000	-
Debentures :		
Secured on Land and Building	42,000	-
Secured on Floating Charge	10,000	-
Preferential Creditors	6,000	-
Share capital @ Rs. 10 each	3,20,000	-



Estimated liability for bills discounted was Rs. 6,000 estimated to rank at Rs. 6,000. Other contingent liability were Rs. 12,000 estimated to rank at Rs. 12,000.

The company was formed on the first day of January 1993 and has made losses of Rs. 3,31,900.

Prepare statement of affairs and deficiency account.

3. a) What do you mean by liquidation of a company ?
 b) Describe the different modes of winding up.
 c) Balance Sheet of H Ltd. and S Ltd. On 31st March 1999 were as follows :

Liabilities	H Ltd.	S Ltd.	Assets	H Ltd.	S Ltd.
Share capital			Land and		
10% preference			Building		
shares of			at cost	3,10,000	1,60,000
Rs. 100 each	—	1,00,000	Machinery		
Equity Shares of			less 10%		
Rs. 100 each	10,00,000	4,00,000	depreciation	2,70,000	1,35,000
General Reserve	1,00,000	50,000	3000 Shares		
Profit and Loss			in S Ltd.	4,50,000	—
balance on 1-4-98	40,000	30,000	Stock at cost	2,20,000	1,50,000
Profit for 98-99	2,00,000	80,000	Sundry		
Sundry Creditors	1,50,000	70,000	Debtors	1,55,000	90,000
			Cash and		
			Bank balance	85,000	1,95,000
	14,90,000	7,30,000		14,90,000	7,30,000

H Ltd. acquired 3000 equity shares in S Ltd. On 1st October 1998, as on the date of acquisition, H Ltd. found that the value of land and buildings and machinery of S Ltd. should be Rs. 1,50,000 and 1,92,000 respectively.

Prepare a consolidated Balance Sheet as on 31st March 1999 taking into consideration the fact that assets are to be taken at their proper values.



4. a) What are the salient features of Double Account System ?
 b) What are the advantages and disadvantages of Double Account System ?
 c) How does Double Account System differ from Single Account System and Double Entry System ?
5. a) Define a holding company.
 b) How would you ascertain the amount of minority interest ?
 c) The following balances are extracted from the books of City Light Supply Corporation as on 31st March 2000.

Equity shares		1,64,700
Debentures		60,000
Sundry creditors on open account		300
Depreciation Account		75,000
Capital expenditure on 31-03-1999	2,85,000	—
Capital expenditure during 1999-2000	18,300	—
Sundry debtors for current supplied	12,000	—
Other debtors	150	—
Stores in hand	1,500	—
Cash in hand	1,500	—
Cost of generation of electricity	9,000	—
Cost of distribution of electricity	1,500	—
Rent, rates and taxes	1,500	—
Management expenses	3,600	—
Depreciation	6,000	—
Interest on debentures	3,000	—
Interim dividend	6,000	—
- Sale of current	—	39,000
Meter rent	—	1,500
Balance of Net Revenue Account as on 1 st April 1999	—	8,550
Total	3,49,050	3,49,050



Prepare :

- a) Capital Account
 - b) Revenue Account
 - c) Net Revenue Account
 - d) General Balance Sheet from the above Trial Balance.
6. a) What is life assurance fund ?
- b) What is the basic difference between Life Insurance and General Insurance ?
- c) What is meant by reinsurance ? How it is helpful to insurance companies ?

SECTION – B

Answer **any two** of the following. **Each** carries **12** marks.

7. a) A Ltd. and B Ltd. were amalgamated on and from 1st April 2000. A new company AB Ltd. was formed to takeover the business of existing companies. The Balance Sheet of A Ltd. and B Ltd. on 31st March 2000 are given below :

(figures in thousands)					
	A Ltd.	B Ltd.		A Ltd.	B Ltd.
Share capital			Fixed assets	4,800	3,200
of Rs. 10 each	2,400	1,600	Less : Dep.	<u>800</u>	<u>600</u>
12% Preference				4,000	2,600
Share of			Investments	1,600	600
Rs. 100 each	1,200	800	Stock	1,200	600
Capital Reserve	800	600	Debtors	1,600	800
General Reserve	1,200	600	Cash at Bank	1,200	600
Profit and Loss	400	200			
Secured loans	1,600	800			
Trade creditors	1,200	400			
Tax provision	800	200			
	9,600	5,200		9,600	5,200



Other Information :

- 1) Preference shareholders of the two companies are issued equivalent number of 15% preference shares of AB Ltd. at an issued price of Rs. 125 per shares.
- 2) AB Ltd. will issue one equity shares of Rs. 10 each for every shares of A Ltd. and B Ltd. The shares are issued at a premium of Rs. 5 per shares.

Prepare the Balance Sheet of AB Ltd. on the assumption that the amalgamation is in the nature of merger.

OR

- b) The following information was extracted from the book of a limited company on 31st December, 1998 on which date a winding up order was made.

Cash in hand	5,000
Stock in trade (estimated to produce Rs. 15,000)	20,000
Fixture and Fittings (estimated to produce Rs. 2,100)	3,000
Plant and Machinery (estimated to produce Rs. 15,600)	15,000
Land and Building (estimated to produce Rs. 45,000)	30,000
Book debts (estimated to produce Rs. 5,200)	6,200
Unsecured creditors	70,000
Preferential creditors	2,000
Creditors fully secured (Value of securities Rs. 11,000)	9,000
Creditors partly secured (Value of securities Rs. 6,000)	10,000
Bank overdraft, secured by second charge on all the assets of the company	8,000
10% debentures secured by floating charge on all the assets of the company (interest paid)	50,000
Equity share capital-6000 shares of Rs. 10 each	60,000
11% preference share capital - 6500 shares of Rs. 10 each	65,000
Calls in arrears on equity shares (estimated to produce Rs. 1,000)	2,500

Make out Statement of Affairs as regards to creditors and contributories.



8. a) Explain the following items :
- i) Money at call and short notice
 - ii) Discounting of bills
 - iii) Acceptance, endorsement
 - iv) Inter-office adjustments,
 - v) Non-banking assets
 - vi) Rebate on bills discounted.

OR

- b) Write notes on :
- i) Contingency reserve
 - ii) Capital base
 - iii) Development reserve
 - iv) Tariffs and dividend control reserve
 - v) Depreciation reserve
 - vi) Restriction on dividends.
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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 is Purchase Consideration ?
- b) Explain the conditions for "Pooling of interest" method of Amalgamation.
- c) Given below are the balance sheets of Major Ltd. and Minor Ltd. as on 31-3-2018. Minor Ltd. was merged with Major Ltd. as on 1-4-2018 :

	Major Ltd.	Minor Ltd.		Major Ltd.	Minor Ltd.
	Rs.	Rs.		Rs.	Rs.
Share capital :			Sundry fixed		
Equity shares of Rs. 10	5,00,000	3,00,000	assets	6,00,000	4,00,000
Reserves and surplus	3,00,000	1,75,000	Non trade		
Export profit reserve	80,000	40,000	investments	1,50,000	1,00,000
12% debentures	1,20,000	1,25,000	Current assets :		
Trade creditors	1,00,000	60,000	Stock	2,00,000	1,50,000
Provision for taxation	1,00,000	50,000	Debtors	2,00,000	1,00,000
Proposed dividend	1,20,000	60,000	Bank balance	1,50,000	60,000
			Preliminary		
			expenses	20,000	–
	13,20,000	8,10,000		13,20,000	8,10,000

P.T.O.



Other information : (i) Major Ltd., would issue sufficient number of debentures at par to the debenture holders of Minor Ltd. (ii) For every share of Minor Ltd., Major Ltd. would issue one share at a premium of Rs. 2 per share. Prepare the revised balance sheet of Major Ltd. after merger assuming it to be in the nature of purchase.

2. a) Who is a contributory ?
- b) Explain the different methods of liquidation.
- c) AB Ltd. went into liquidation with the following liabilities :

Secured creditors	Rs. 40,000 (securities realised Rs. 50,000)
Preferential creditors	Rs. 1,200
Unsecured creditors	Rs. 61,000
Liquidation expenses	Rs. 500

The liquidator is entitled to a remuneration of 3% on the amounts realised (including securities in the hands of secured creditors) and 1.5% on the amount distributed to the unsecured creditors. The various assets (excluding the securities in the hands of the secured creditors) realised Rs. 52,000. Prepare the liquidator's statement of account showing the payment made to unsecured creditors.

3. a) What is Double Account System ?
- b) Distinguish between Double Account System and Single Account System.
- c) From the following details relating to an electricity undertaking you are required to prepare Capital Account and General Balance Sheet as at 31st March 2018 under the Double Account System :

Authorised Capital : 8,000 shares of Rs. 100 each. Issued capital : 4,000 shares of Rs. 100 each fully paid (out of which 500 shares were issued during the year). 13% Debentures Rs. 2,00,000; Trade Creditors Rs. 50,000, Reserve Fund Rs. 1,00,000, Trade debtors Rs. 90,000 and Cash at Bank Rs. 50,000. Reserve Fund Investments (Cost) Rs. 1,00,000;

Market value Rs. 1,10,000, Stock Rs. 60,000.

Fixed assets – spent up to 31-3-2017; Machinery Rs. 3,00,000;
Buildings Rs. 2,00,000;

Additions during the year Machinery Rs. 60,000, Buildings Rs. 10,000.

Depreciation Fund : Machinery Rs. 70,000; Buildings Rs. 10,000.

Profit and Loss Account Rs. 40,000.



4. a) What is consolidated balance sheet ?
 b) What is Minority Interest and how it is calculated ?
 c) From the following prepare a consolidated balance sheet of X Ltd . and its subsidiary Y Ltd. :

Balance Sheet of X Co. Ltd. and Y Co. Ltd. as on 31-3-2018

	X Ltd.	Y Ltd.		X Ltd.	Y Ltd.
	Rs.	Rs.		Rs.	Rs.
Issued capital :			Land and buildings	15,20,000	-
Shares of			Plant and machinery	2,24,000	32,000
Rs. 80 each	16,00,000	1,60,000	Shares in Y Ltd.		
Reserves	8,00,000	-	(1,800 shares of		
P and L A/c	1,60,000	2,40,000	Rs. 80 each)	2,88,000	-
Sundry creditors	4,80,000	32,000	Current assets	10,08,000	4,00,000
	30,40,000	4,32,000		30,40,000	4,32,000

5. a) What is the treatment of Bonus in reduction of premium in Life Insurance Business ?
 b) Explain Reserve for unexpired risks in the context of General Insurance Business.
 c) A life insurance company disclosed a fund of Rs. 40,00,000 and the balance sheet total of Rs. 90,00,000 on 31-3-2019 before taking the following into consideration :
- i) A claim of Rs. 20,000 was intimated and admitted but not paid during the year.
 - ii) A claim of Rs.12,000 outstanding in the books for 8 years is written back.
 - iii) Interest on securities accrued Rs. 1,600 but not received during the year.
 - iv) Rent of own buildings occupied Rs. 4,000.
 - v) Premium of Rs. 1,200 is payable under re-insurance.
 - vi) Re-insurance recoveries Rs. 52,000.
 - vii) Bonus utilised in reduction of premium Rs. 20,000.
 - viii) Agents commission to be paid Rs. 16,000. Calculate revised value of the Life Insurance Fund after adjusting the above omissions.



6. a) What is Capital Reduction ?
- b) Distinguish between Internal Reconstruction and External Reconstruction.
- c) Following are the liabilities and assets of A Ltd. as on 31-3-2019 :

Liabilities	Rs.	Assets	Rs.
Share capital : 3,000 5% Preference shares of Rs. 100 each		Goodwill	22,500
6,000 Equity shares of Rs. 100 each	3,00,000	Land and Buildings	3,00,000
6% Debentures	6,00,000	Machinery	4,50,000
Bank overdraft	1,50,000	Stock	65,000
Creditors	1,50,000	Debtors	70,000
	75,000	Cash	7,500
		Surplus A/c	3,60,000
	12,75,000		12,75,000

On the above date, the company adopted the following :

- The Preference shares are to be reduced to fully paid shares of Rs. 75 each and Equity shares are to be reduced to shares of Rs. 40 each fully paid.
- The debenture holders took over stock and debtors in full satisfaction of their claims.
- The fictitious and intangible assets are to be eliminated.
- The land and buildings to be appreciated by 30% and Machinery to be depreciated by 33%.
- The expenses of reconstruction amounted to Rs. 4,500.

Pass Journal Entries.

(4×9=36)



SECTION – B

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

7. a) The Green Ltd. is absorbed by the Yellow Ltd. Given below are the Balance Sheets of the companies taken after revaluation of their assets on a uniform basis :

	Green Ltd. Rs.	Yellow Ltd. Rs.		Green Ltd. Rs.	Yellow Ltd. Rs.
Authorised capital :			Sundry assets	17,83,500	44,00,000
Shares of Rs. 10 each	<u>10,00,000</u>	<u>60,00,000</u>	Cash at bank	20,000	1,30,000
Paid up capital :			Preliminary		
9,000 shares of Rs. 100			expenses		
each, Rs. 80 paid up	7,20,000	–	(not written off)	15,000	–
40,000 shares of Rs. 100			Discount on		
each, Rs. 60 paid up	–	24,00,000	issue of		
Reserve fund	6,50,000	13,00,000	shares (not		
Profit and Loss A/c	2,78,500	6,40,000	written off)	–	20,000
Creditors	1,40,000	2,10,000			
Bills payable	30,000	–			
	18,18,500	45,50,000		18,18,500	45,50,000

The holder of every three shares in the Green Ltd. was to receive five shares in the Yellow Ltd. plus as much cash as is necessary to adjust the rights of share holders of both the companies in accordance with the intrinsic values of the shares as per respective Balance Sheets. Journalise the above transactions in the books of Yellow Ltd. and prepare the balance sheet of Yellow Ltd. giving effect to the above scheme of absorption.

OR



- b) From the balance sheets and information given below prepare consolidated balance sheet :

Balance Sheet as at 31-3-2018

	H Ltd. Rs.	S Ltd. Rs.		H Ltd. Rs.	S Ltd. Rs.
Share capital :			Fixed assets	4,00,000	60,000
Shares of Rs. 10			Stock	3,00,000	1,20,000
each fully paid	5,00,000	1,00,000	Debtors	75,000	85,000
Profit and loss	2,00,000	60,000	Bills receivable	20,000	-
Reserves	60,000	40,000	Shares in S Ltd.		
Bills payable	-	15,000	7,500 at cost	75,000	-
Creditors	1,10,000	60,000	Preliminary expenses	-	10,000
	8,70,000	2,75,000		8,70,000	2,75,000

Additional Information :

- i) The Bills accepted by S Ltd. are all in favour of H Ltd.
 - ii) The Stock of H Ltd. includes Rs. 25,000 bought from S Ltd. at a profit to the latter of 20% on sales.
 - iii) All the profit of S Ltd. has been earned since the shares were acquired by H Ltd. But there was already a reserve of Rs. 40,000 at that date.
8. a) On January 31st 2018 a compulsory order for winding up was made against X Co. Ltd., the following particulars being disclosed.

	Book Value Rs.	Estimated to Produce Rs.
Cash in hand	100	100
Debtors	4,000	3,600
Land and Buildings	60,000	48,000
Furniture and fixtures	20,000	20,000
Unsecured creditors	20,000	
Debentures :		
Secured on land and buildings	42,000	
Secured on floating charge	10,000	
Preferential creditors	6,000	
Share capital (3,200 shares of Rs. 100 each)	3,20,000	

Estimated liability for bills discounted was Rs. 6,000 estimated to rank at Rs. 6,000. Other contingent liabilities were Rs. 12,000 estimated to rank at Rs. 12,000. The company was formed on the first day of January 2013 and has made losses of Rs. 3,13,900. Prepare statement of affairs and Deficiency Account.

OR



b) Prepare a Revenue Account in respect of Fire Business from the following details for the year 2019-20 :

	Rs.
Reserve for unexpired risks on 1-4-2019 @ 50%	1,80,000
Additional reserve	36,000
Estimated liability for claims intimated on 1-4-2019	31,000
Estimated liability for claims intimated on 31-3-2020	42,000
Claims paid	3,65,000
Legal expenses	6,000
Re-insurance Recoveries	32,000
Medical expenses	4,000
Bad debts	800
Premium recovered	4,86,000
Premiums on re-insurance accepted	32,000
Premiums on re-insurance ceded	43,000
Commission on direct business	48,600
Commission on re-insurance accepted	1,600
Commission on re-insurance ceded	2,150
Expenses of management	90,000
Interest, dividends and rent	24,000
Profit on sale of investment	3,000
Create Reserve on 31-3-2020 to the same extent as on 1-4-2019.	

(2×12=24)



0137965

K19P 1139

Reg. No. :

Name :

III Semester M.Com Degree (CBSS-Reg./Suppl./Imp)

Examination, October - 2019

(2014 Admission Onwards)

COM3C12 : CORPORATE ACCOUNTING

Time : 3 Hours

Max. Marks : 60

SECTION - A

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

1. a) What is Purchase Consideration?
b) Explain the different methods for the computation of purchase consideration.
c) Given below are the extracts from the Balance Sheet of Axis Ltd as at 31.03.2019

Particulars	Amount
Equity share capital (100 each)	7,50,000
11% Preference share capital (100 each)	2,00,000
Reserves and surplus	3,30,000
10% Debentures (100 each)	30,000
Current Liabilities	1,90,000
Fixed Assets	7,00,000
Current Assets	8,00,000

Compute Purchase consideration

2. a) What is Deficiency account?
b) What is the order of payment at the time of the liquidation of a company.
c) Kaveri Ltd went into liquidation on 31.12.2018 Prepare Liquidator's final statement of account presented to the Tribunal by the liquidator from the Following information.

P.T.O.



Preferential Creditors	20,000
Unsecured creditors	3,00,000
8% Debentures	4,00,000
7% Preference Share Capital	3,00,000
(60,000 shares of ₹10 each)	6,00,000
Liquidation expenses	4,000
Secured creditors	3,20,000
(securities realised ₹2,40,000)	
Equity share capital	8,00,000
(80,000 shares of ₹10 each)	

Liquidator is entitled to get remuneration of 2% of all assets realised including assets held as security with secured creditors and 3% on the amount paid to unsecured creditors, including Preferential Creditors. Sundry assets realised amounted to ₹10,00,000.

3. a) What is capital account under double account system?
 b) State the limitation of double account system.
 c) From the following particulars prepare capital account and General Balance sheet as on 31st March 2019 on double account system.

Authorised capital	30,00,000	Subscribed Capital	26,00,000
11% Debentures	4,00,000	Creditors	1,60,000
Reserves	1,50,000	Trade Debtors	3,80,000
Cash in hand	3,50,000	Investment	1,50,000
Stock	2,40,000		

Expenditure on 31st March 2018:

Land - ₹1,20,000; Furniture - ₹13,50,000; Machinery ₹4,00,000;
 Building - ₹1,30,000

Expenditure during the year ended 31.03.2019 was ₹2,50,000; ₹2,50,000 and ₹1,00,000 respectively on the last three items and a Renewal Fund of ₹2,50,000 had been created. The balancing item of ₹1,60,000 may be taken as profit of the company.



4. a) What is external reconstruction?
 b) What are the different ways of alteration of share capital?
 c) The following is the Balance Sheet of Sick Ltd as on 31.12.2019

Liabilities	Amount	Assets	Amount
Share Capital:		Goodwill	22,500
3,000 5% Preference shares of 100 each	3,00,000	Land and Building	3,00,000
6000 Equity Shares of 100 each	6,00,000	Machinery	4,50,000
6% Debentures	1,50,000	Stock	65,000
Bank Loan	1,50,000	Debtors	70,000
Sundry Creditors	75,000	Cash at bank	7,500
		Surplus (negative balance)	3,60,000
	12,75,000		12,75,000

On the above date, the company adopted the following scheme of reconstruction:

- The Preference shares are to be reduced to fully paid shares of ₹75 each and Equity shares are to be reduced to shares of ₹ 40 each fully paid.
- The debenture holders took stock over and debtors in full satisfaction of their claims.
- The fictitious and intangible assets are to be eliminated.
- The Land and Building are to be appreciated by 30% and Machinery to be depreciated by 1/3%.
- Reconstruction expenses amounted to be ₹ 4500

Give journal entries incorporating the above scheme of reconstruction and prepare the reconstructed Balance sheet.



5. a) What is Consolidated Balance sheet?
- b) While preparing a Consolidated Balance sheet ,how would you treat contingent liabilities and unrealised profits?
- c) H Ltd. acquires all the shares in S Ltd. on 31.03.2019 and liabilities and assets of the two companies on 31st March 2019 were as follows.

Liabilities	H Ltd	S Ltd	Assets	H Ltd	S Ltd
Share Capital: (Shares of ₹ 10 each)	50,000	30,000	Sundry Assets	65,000	70,000
General Reserve ON 1.04.2018	20,000	15,000	Shares in S Ltd.	50,000	
Surplus account	25,000	10,000			
Trade Creditors	20,000	15 000			
	1,15,000	70,000		115,000	70,000

Surplus of S Ltd. had a credit balance of ₹3000 on 01.04.2018. Prepare a Consolidated Balance Sheet as on 31.03.2019

6. a) What is Valuation Balance sheet?
- b) What is the difference between Life Insurance and General insurance?
- c) The Life Fund of a life insurance company was ₹86,48,000 as on 31.03.2019: The interim bonus paid during the valuation period was ₹1,48,000. The periodical actuarial valuation determined the net liability of ₹74,25,000. Surplus brought forward from the previous valuation was ₹8,52,000. The directors of the company proposed to carry forward ₹9,31,000 and to divide the balance between shareholders and policyholders.
- Prepare valuation Balance sheet
 - Net profit For the valuation period
 - The distribution of shareholders



SECTION - B

Answer any **Two** questions in this section. Each question carries **12** marks.

7. a) Following Trial Balance was extracted from the books of Alliance Life Insurance Corporation as on 31.03.2019

Particulars	Dr ('000)	Cr (000)
Paid up share capital (50,00000 shares of ₹10 each)		50,000
Life Assurance Fund (01.04.2018)		1486.150
Bonus to policy holders	15,750	
Premium received		80,750
Claims Paid	98,500	
Commission paid	4,650	
Management Expenses	16,150	
Mortgages in India	2,46,100	
Interest and Dividend received		56,350
Agent's balances	4,650	
Freehold premises	20,000	
Investments	1,1,52,500	
Loan on Company's policies	86,800	
Cash on deposits	13,500	
Cash in hand	3,650	
Surrenders	3,500	
Dividend paid	7,500	
	16,73,250	16,73,250

You are required to prepare the Revenue Account for the year ended 31.03.2019 and its balance sheet as on that date after considering the following additional information.

- Claims admitted but not paid ₹ 45,00,000
- Management Expenses due ₹ 1,00,000
- Interest accrued ? ₹ 96,50,000
- Premium outstanding ₹ 50,00,000
- Bonus utilised in reduction of premium ₹10,00,000
- Claims covered under reinsurance ₹11,50,000

OR

P.T.O.



- b) Following information was extracted from the books of a limited company on 31st December 2012 on which date a winding up order was made:

Cash in hand	5,000
Stock in trade (estimated to produce ₹ 15,000)	20,000
Fixture and fittings (estimated to produce ₹2,100)	3,000
Plant and Machinery (estimated to produce ₹15,600)	15,000
Freehold land and Building (estimated to produce ₹45,000)	30,000
Book debts (estimated to produce ₹5,200)	6,200
Unsecured Creditors	70,000
Preferential Creditors	2,000
Creditors fully paid (value of securities ₹11,000)	9,000
Creditors partly secured (value of securities ₹6,000)	10,000
Bank overdraft, secured by a second charge on all the asset of the company	8,000
10% Debentures secured by floating charge on all the assets of the company (interest paid to date)	50,000
Equity share capital 6000 shares of ₹10 each	60,000
11% Preference Share capital 6500 shares of ₹10 each (Calls in arrear on equity shares)	65,000
(estimated to produce 1,000)	2,500

Prepare Statement of Affairs regards creditors and contributories.



8. a) The financial position of two companies Gana Ltd and Kokila Ltd as on 31.03.2019

Liabilities	Gana Ltd.	Kokila Ltd	Assets	Gana Ltd	Kokia Ltd
Equity Share	10,00,000	3,00,000	Goodwill	50,000	25,000
Capital(10 each)			Building	3,00,000	1,00,000
9% Preference share			Machinery	5,00,000	1,50,000
capital	1,00,000	-	Stock	2,50,000	1,75,000
10% Preference		1,00,000	Debtors	2,00,000	1,00,000
share capital			Cash at	50,000	20,000
General Reserve	1,00,000	80,000	bank		
Retirement Gratuity	50,000	20,000	Preliminary	30,000	10,000
Fund			expenses		
Sundry Creditors	1,30,000	80,000			
	13,80,000	5,80,000		13,80,000	5,80,000

Gana Ltd absorbs Kokila Ltd. on the following terms.

- 10% preference shareholders are to be paid at 10% premium by issue of 9% Preference shares of Gana Ltd.
- Goodwill of Gana Ltd. is valued at ₹ 50,000, buildings are valued at 1,50,000 and machinery at ₹ 1,60,000.
- Stock to be taken over at 10% less book value and reserve for bad and doubtful debts to be created at 7.5%.
- Equity shareholders of Kokiola Ltd will be issued equity shares of Gana Ltd. at 5% premium.

Prepare necessary journal entries and ledger accounts in the books of Kokila Ltd.

OR

P.T.O.



- b) From the ledger balances given below prepare Consolidated Balance sheet as on 31.03 .2019

Liabilities	A Ltd	B Ltd	Assets	A Ltd	B Ltd
Share Capital:	10,00,000	2,00,000	Sundry Assets	8,00,000	1,20,000
Shares of 10 each			Stock	6,10,000	2,40,000
General Reserve	1,00,000	60,000	Debtors	1,30,000	1,70,000
Surplus account	4,00,000	1,20,000	Bills Receivable	10,000	
Trade Creditors	2,00,000	30,0000	Shares in SLtd.		
Bills payable			Rs.15000 at cost	1,50,000	
	17,00,000	5,30,000		17,00,000	5,30,000

- All the profits of S Ltd. Has been earned since the shares were acquired by H Ltd. But there was already the Reserve of ₹60,000 at that date.
- The Bills accepted by S Ltd ₹ 10,000 are in favour of H Ltd.
- Sundry assets of S are undervalued by ₹ 20,000
- The stock of H Ltd includes ₹ 50,000 bought from S Ltd at a Profit to the latter of 25% on cost.



K18P 0914

Reg. No. :

Name :

Third Semester M.Com. Degree (Reg./Suppl./Imp.) Examination, October 2018
COM3C12 : CORPORATE ACCOUNTING
(2014 Admn. Onwards)

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) Define valuation Balance Sheet for an Insurance Company.
B) How will you determine profit in Insurance Business ?
C) A life insurance company gets its valuation made once in every two years. Its life assurance fund on March 31, 2014 amounted to Rs. 41,40,000 before providing Rs. 30,000 for the shareholders dividend for the year 2013-14. Its actuarial valuation due on 31st March 2014 disclosed a net liability of Rs. 40,40,000 under assurance annuity contracts. An interim bonus of Rs. 60,000 was paid to the policy holders during the two years ending 31st March 2014. Prepare a statement showing the amount now available as bonus to policy holders. Assume policy holders are paid 95%.
2. A) Explain the term liquidation of company.
B) Specify the order of payment from the money realized from the assets not specifically pledged to the parties.
C) Explain the procedure for preparation of statement of affairs at the time of liquidation of companies.
3. A) What do you understand by double accounts system ?
B) Distinguish between double accounts system and double entry system.
C) A water supply company had to replace a quarter of the mains and lay an auxiliary main for the remaining length in order to augment supplies of water to locality. The total cost of original main was Rs. 8,00,000, the auxiliary main cost Rs. 9,00,000 and the new main cost Rs. 3,50,000. It is estimated that cost of laying a main has gone up by 30%. Part of the old main realized Rs. 15,000. Pass necessary Journal entries to record the above transactions.

P.T.O.



4. A) Define amalgamation of companies.
 B) Distinguish between amalgamation and absorption.
 C) Give accounting entries for the following for amalgamation in the books of Transferor Company.
- 1) For transferring assets taken over by the Transferee Company.
 - 2) For transferring liabilities taken over by Transferee Company.
 - 3) For purchase consideration.
 - 4) For receiving purchase consideration from the Transferee Company.
 - 5) For assets sold by the transferor company not taken over by the Transferee Company.
 - 6) For liquidation expense.
5. A) How will you treat contingent liabilities of subsidiary company in holding company account ?
 B) How will you treat the bonus shares issued by subsidiary company ?
 C) How will you treat fictitious assets on the assets side of the Balance Sheet of the subsidiary company ?
6. A) What do you understand by inter-company holding in amalgamation ?
 B) Explain the net asset method of calculation of purchase consideration.
 C) Distinguish between Net asset method and Net payment method of calculating purchase consideration. (4×9=36)

SECTION – B

Answer the following. **Each** question carries **12** marks.

7. a) The following are the summarized Balance Sheet of M Ltd. and N Ltd.

	M Ltd. (In Rs.)	N Ltd. (In Rs.)		M Ltd. (In Rs.)	N Ltd. (In Rs.)
Share capital	40,000	20,000	Sundry assets	42,000	33,000
P/L Account	5,000	–	Shares in N Ltd.	20,000	–
Creditors	15,000	6,000	Loan N Ltd.	8,000	–



Loan H Ltd.	10,000	-	P/L Account	-	1,000
Loan M Ltd.	-	8,000			
Total	70,000	34,000	Total	70,000	34,000

The whole of the shares of N Ltd. are held by M Ltd. A new company MN Ltd. is formed to acquire the Sundry assets and Creditors of M Ltd. and N Ltd. and for the purpose, the Sundry assets of M Ltd. are valued at Rs. 30,000 and those of N Ltd. at Rs. 20,000. The amount of loan due to H Ltd. is also to be discharged in shares in the new company. The debts due to M Ltd. is also to be similarly been discharged.

Show the journal entries necessary to close the books of M Ltd. and N Ltd.

OR

- b) The following information was extracted from the books of a limited company on 31st March 2014. On which date a winding up order was made.

S.No.	Particulars	Book value (Rs.)
1	Cash in hand	5,000
2	Stock in trade (estimated to producers 15000)	20,000
3	Fixtures (estimated to produce Rs. 2,100)	3,000
4	Plant and machinery (estimated to produce Rs. 15,600)	15,000
5	Free hold land and building (estimated to produce Rs. 45,000)	30,000
6	Book debts (estimated to produce Rs. 5,200)	6,200
7	Unsecured creditors	70,000
8	Preferential creditors	2,000
9	Fully secured creditors (value of securities Rs. 11,000)	9,000
10	Creditors partially secured (value of securities Rs. 6,000)	10,000
11	Bank overdraft, secured by a second charge on all the assets of the company	8,000
12	10% debentures secured by floating charge on all assets of the company, interest paid to date	50,000
13	Equity shares – 6000 shares of Rs. 10 each	60,000
14	11% Preference shares – 6500 shares of Rs. 10 each	65,000
15	Calls in arrears on equity shares (estimated to produce Rs. 1,000)	2,500

Make out a statement of affairs as regards to creditors and contributors.



8. a) From the following Balance Sheet given below prepare a consolidated Balance Sheet A Ltd. and its subsidiary company B Ltd.

	A Ltd. (Rs.)	B Ltd. (Rs.)		A Ltd. (Rs.)	B Ltd. (Rs.)
Share of Rs. 10 each	25,00,000	6,00,000	Land and building	6,40,000	2,00,000
General reserve	3,60,000	1,20,000	Machinery	12,60,000	3,40,000
P/L Account	2,40,000	1,80,000	Furniture	1,40,000	60,000
Trade creditors	3,50,000	1,00,000	40000 share in B Ltd.	5,00,000	—
			Stock in hand	4,10,000	2,50,000
			Debtors	3,80,000	1,00,000
			Bank balance	1,20,000	50,000
Total	34,50,000	10,00,000	Total	34,50,000	10,00,000

At the date of acquisition of A Ltd. of its holding 40000 shares in B Ltd. The later company had undistributed profits and reserves amounting to Rs. 1,00,000 none of which has been distributed since then.

OR

- b) How will you deal with the revaluation of assets and liabilities of the subsidiary company while preparing a consolidated Balance Sheet ?

(2×12=24)



K17P 1383

Reg. No. :

Name :

Third Semester M.Com. Degree (Reg./Suppl./Imp.)
Examination, November 2017
(2014 Admn. Onwards)
COM3C 12 : 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) Define purchase consideration.
- b) Distinguish between pooling of interest method and purchase method.
- c) A company resolved the following :
 - i) To reduce its 40,000, 13% Preference shares of Rs. 10 each to an equal number of 15% Preference shares of Rs. 8 each.
 - ii) To reduce 50,000 equity shares of Rs. 10 each to an equal number of shares of Rs. 6 each.
 - iii) To reduce 13% debentures of Rs. 5,00,000 to 15% debentures of Rs. 4,00,000.
 - iv) To write off Goodwill Rs. 80,000, Plant Rs. 1,00,000, Machinery Rs. 70,000, Stock Rs. 20,000 and P & L debit balance Rs. 1,00,000.

Give Journal Entries.

2. a) Who is a contributory ?
- b) Explain preferential creditors.
- c) A Ltd., went into voluntary liquidation. The following are the details :

	Rs.
Assets realized	40,000
Liquidators remuneration	5,000
Unsecured creditors	20,000

P.T.O.



Preference share capital is Rs. 20,000 (2,000 shares of Rs. 10 each). Equity share capital consists of

- a) 1,000 shares of Rs. 10 each, Rs. 9 called and paid up Rs. 9,000
- b) 2,000 shares of Rs. 10 each, Rs. 5 called and paid up Rs. 10,000

You are required to prepare the Liquidators Statement of A/c.

3. a) Write a note on capital account under Double Account System.
 - b) Distinguish between Single Account System and Double Account System.
 - c) Bharath Gas Company rebuilt and re-equipped part of their works at a cost of Rs. 5,00,000. The part of the old work thus superseded cost Rs. 3,00,000. The capacity of new works is double the capacity of the old works. Rs. 20,000 was realized by the sale of old materials and old materials worth Rs. 10,000 were used in the construction of the new works and included in the total cost of Rs. 5,00,000 mentioned above. The cost of materials and labour are 25% higher than when the old works were built. Journalise the transactions.
4. a) What is bargain purchase price ?
 - b) How will you deal with pre-acquisition profits and post-acquisition profits on consolidation ?
 - c) X Ltd., acquires 4,000 shares of Rs. 10 each at Rs. 15 per share in Y Ltd., on 1st October, 2016. The issued share capital of Y Ltd. consists of 5,000 shares of Rs. 10 each. In 2017 Y Ltd., declares a dividend of 20% on its paid up capital for the year ending 31st December, 2016. The Profit and Loss Account of Y Ltd., shows the following position :

Profit and Loss Account (Balance on 1 st January, 2016)	30,000
Profit for the year 2016	24,000

Explain the treatment of this dividend in the books of X Ltd., if post acquisition profits are first used.
5. a) What is reserve for unexpired risk ?
 - b) What is 'bonus' in life insurance ?
 - c) The Life Assurance Fund of Navajivan Assurance Co. Ltd., stood at Rs. 33,00,800 on 31-3-2016. Net liability as per Actuary's valuation was determined to be Rs. 26,50,800. The company had distributed interim bonus of Rs. 80,000 to its policy holders during the last two years. The company proposes to carry forward Rs. 1,50,000, the balance is to be distributed in between policy holders and shareholders. Show the distribution of profit.



6. a) Define subsidiary company.
b) Explain the salient features of Double Account System.
c) On 1st April, 2015, S Ltd., had a subscribed share capital of Rs. 5,00,000 divided into 50,000 fully paid equity shares of Rs. 10 each. It had accumulated capital and revenue profits to the tune of Rs. 3,90,000 by that date when H Ltd., acquired 80% of its shares for Rs. 9,00,000. The profit earned by S Ltd., amounted to Rs. 2,60,000 for the year ended 31st March, 2016 on which date S Ltd., issued by way of bonus, one fully paid equity shares of Rs. 10 for every five equity shares held out of its pre-acquisition profits.

Calculate as on 31st March 2016 cost of control just before issue of bonus shares and immediately after issue of bonus shares.

SECTION – B

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

7. a) From the following particulars you are required to prepare Fire Revenue Account for the year ending on 31st March 2014.

Claims paid	4,80,000
Reserve for unexpired risk on 1 st April, 2013	4,00,000
Additional reserve unexpired risk	20,000
Claims outstanding on 1 st April, 2013	40,000
Claims intimated but not accepted on 31 st March 2014	10,000
Claims intimated accepted but not paid on 31 st March 2014	60,000
Premium received	12,12,000
Reinsurance premium paid	1,20,000
Commission	2,00,000
Commission on reinsurance ceded	10,000
Commission on reinsurance accepted	5,000
Expenses of management	3,17,000
Reinsurance recoveries of claims	8,000
Sundry expenses regarding claims	5,000
Depreciation of furniture	6,000



Loss on sale of motor car	5,000
Bad debts	3,000
Refund of double taxation	5,000
Interest and dividends	6,000
Income tax deducted thereon	1,000
Legal expenses regarding claims	3,000
Profit on sale of investments	2,000
Rent of staff quarters deducted from salaries	2,000

You are required to provide for addition reserve for unexpired risk at 1% of the net premium in addition to the opening balance.

OR

- b) Following information was extracted from the books of a Limited Company on 31st December, 2015 :

	Rs.
Equity share capital – 20,000 equity shares of Rs. 10 each, Rs. 5 paid up	1,00,000
8% Preference share capital 25,000 shares of Rs. 10 each fully paid	2,50,000
9% First mortgage debentures secured by a floating charge on all assets	1,50,000
Fully secured creditors (value of securities Rs. 35,000)	30,000
Partly secured creditors (value of securities Rs. 10,000)	20,000
Preferential creditors	6,000
Bills payable	90,000
Unsecured creditors	80,000
Bank overdraft	10,000
Bills receivable in hand	15,000
Bills discounted (a bill for Rs. 10,000 estimated to be bad)	40,000
Investment (estimated to produce Rs. 35,000) deposited with secured creditors	50,000
G P Notes (estimated to produce Rs. 10,000) deposited with Partly secured creditors	15,000



Trade receivable :

Good	10,000	
Doubtful (estimated to produce 50 Paise in the Rupee)	7,000	
Bad	<u>6,000</u>	23,000
Land and Buildings (estimated to produce Rs. 1,00,000)		1,30,000
Stock in trade (estimated to produce Rs. 40,000)		45,000
Machinery (estimated to produce Rs. 2,000)		5,000
Cash in hand		100

Prepare a statement of affairs as regards creditors and contributories.

8. a) H Ltd., acquired 15,000 shares in S Ltd., for Rs. 1,55,000 on 1st July 2015. The statements of financial position on 31st March, 2016 were as follows :

Particulars	Note No.	Amount	
		H. Ltd.	S Ltd.
I. Equity and Liabilities			
Share capital	1	9,00,000	2,50,000
Reserves and surplus	2	2,40,000	65,000
1) Non-Current liabilities			
Long term borrowings		3,00,000	—
2) Current liabilities			
Trade payables	3	90,000	50,000
		15,30,000	3,65,000
II. Assets			
1) Non-Current assets			
Fixed assets	4	11,00,000	2,20,000
Non-current investments	5	1,55,000	—
2) Current assets			
Inventories		1,00,000	50,000
Trade receivables	6	85,000	55,000
Cash and cash equivalents		90,000	40,000
		15,30,000	3,65,000



Notes :

	H Ltd.	S Ltd.
1) Share capital :		
Issued, subscribed and paid up		
Fully paid equity shares of Rs. 10	9,00,000	2,50,000
	9,00,000	2,50,000
2) Reserves and surplus		
General reserve	1,60,000	40,000
Surplus	80,000	25,000
	2,40,000	65,000
3) Trade payables		
Trade payables	50,000	30,000
Bills payable	40,000	20,000
	90,000	50,000
4) Fixed assets		
Machinery	10,00,000	1,50,000
Furniture	1,00,000	70,000
	11,00,000	2,20,000
5) Non-current investments		
15,000 equity shares of Rs. 10 each at cost	1,55,000	
	1,55,000	
6) Trade receivables		
Trade receivables	60,000	35,000
Bills receivables	25,000	20,000
	85,000	55,000

The following additional information is provided :

- General reserve appearing in the statement of S Ltd., has remained unchanged since 31-3-2015.
- Profit earned by S Ltd., for the year ended 31-3-2016 amounted to Rs. 20,000.



- c) On 1-2-2016, H Ltd., sold to S Ltd. goods costing Rs. 8,000 for Rs. 10,000. 25% of these goods remained unsold with S Ltd. on 31-3-2016. Trade payables of S Ltd., include Rs. 4,000 due to H Ltd., on account of these goods.
- d) Out of S Ltd., acceptances, Rs. 15,000 are those which have been accepted in favor of H Ltd. Out of these, H Ltd. had endorsed by 31-3-2016 Rs. 8,000 worth of bills receivable in favor of its creditors.

Prepare a consolidated statement of financial position as on 31-3-2016.

OR

- b) Given below are the Balance Sheets of X Ltd., and Y Ltd., as at 31-3-2015 at which date Y Ltd., was taken over by X Ltd., on the basis of their respective values of shares :

Particulars	Note No.	X. Ltd.	Y Ltd.
I. Equity and Liabilities :			
1) Shareholder's Fund			
a) Shares capital	1	5,00,000	10,00,000
b) Reserves and surplus	2	24,50,000	4,00,000
2) Non current liabilities :			
a) Long term borrowings			
12% Debenture of Rs. 100 each		2,20,000	1,10,000
3) Current Liabilities			
a) Trade payables		1,60,000	55,000
		33,30,000	15,65,000
II. Assets:			
1) Noncurrent assets			
a) Fixed assets			
Tangible assets		22,00,000	10,00,000
b) Non-current investments	3	3,25,000	5,00,000
2) Current assets			
		8,05,000	65,000
		33,30,000	15,65,000



Notes to Accounts :

	X Ltd. Rs.	Y Ltd. Rs.
1) Share capital :		
Issued subscribed and paidup		
Equity shares of Rs. 10 each	5,00,000	10,00,000
	5,00,000	10,00,000
2) Reserves and surplus		
General reserve	24,50,000	4,00,000
	24,50,000	4,00,000
3) Non-current investments		
25,000 Equity shares of Y Ltd.	3,25,000	
25,000 Equity shares of Z Ltd.		5,00,000
	3,25,000	5,00,000

Investments of Y Ltd., are considered worth Rs. 6,00,000.

Give Journal Entries in the books of X Ltd., and prepare the Balance Sheet of X Ltd., after absorption.



K16P 1056

Reg. No.:

Name :

Third Semester M.A./M.Sc./M.Com. Degree (Reg./Suppl./Imp.)
Examination, November 2016
COMMERCE
COM 3C12 : Corporate Accounting
(2014 Admission Onwards)

Time : 3 Hours

Max. Marks : 60

SECTION – A

Answer **any 4** questions. **Each** question carries 1 mark for part (a) 3 marks for part (b) and 5 marks for part (c) .

1. a) Distinguish between holding company, subsidiary company and group.
- b) Explain unrealised Inter-company profits.
- c) Balance Sheet of S Ltd. as on March 31-2008.

Liabilities	Rs.	Assets	Rs.
Share capital		Land and Building	5,00,000
50,000 shares of ₹100 each	5,00,000	Machinery	3,00,000
General Reserve as on 1-1-2008	2,00,000	Current Assets	2,00,000
P&L a/c balance	1,50,000		
Add profit for 2008	<u>50,000</u>		
Creditor	1,00,000		
	10,00,000		10,00,000

H Ltd. acquired 40,000 shares of S Ltd. on October 1, 2007 at ₹ 7,80,000. H Ltd. valued the machinery at ₹ 2,50,000 and current asset at ₹ 2,75,000 . Calculate the minority interest.

2. a) What do you mean by Annuity ?
- b) Explain the statutory book to be maintained by an insurance company.
- c) A Life Insurance Company disclosed a fund of ₹ 25,00,000 on March 31st 2008 before taking the following into consideration.
 - a) A claim of ₹ 15,000 was intimated and admitted but not paid during the year.
 - b) A claim of ₹ 8,000 outstanding in the books for 8 years is written back.
 - c) A premium of ₹ 1,000 is payable under reinsurance.
 - d) Reinsurance recoveries ₹ 30,000.
 - e) Bonus utilised in reduction of premium ₹ 8,000.
 - f) Agent's commission to be paid ₹ 6,000.

Pass the necessary journal entries for the above commission and recompute the fund.

P.T.O.



3. a) Name any two concerns that follow double account system.
- b) How will you treat contingency reserves in the case of electricity concerns ?
- c) A water supply concern had to replace a quarter of the mains and lay an auxiliary main for the remaining length in order to augment supplies of water to a locality. The total cost of the original main was ₹ 4,00,000. The auxiliary main cost ₹ 4,50,000 and the new main cost ₹ 1,75,000. It is estimated that the cost of laying a main has gone up by 30 %. Parts of the old main realized ₹ 15,000. Calculate the total amount to be capitalized and written off.

4. a) What do you mean by internal reconstruction ?
- b) State the circumstances in which internal reconstruction is necessary.
- c) Distinguish between internal reconstruction and external reconstruction.

5. a) Who is a Contributory ?
- b) What are the steps to be followed in preparing the statement of affairs ?
- c) A B Co. Ltd., went into liquidation with the following liabilities.
 - a) Secured creditors ₹ 20,000 (securities realized ₹ 25,000)
 - b) Preferential creditors ₹ 600.
 - c) Unsecured creditors ₹ 30,500, liquidator's out of pocket expenses amounted to ₹ 252.

The liquidator is entitled to a remuneration of 3% on the amount realised (including securities in the hands of secured creditors) and 15% on the amount distributed to unsecured creditors. The various assets (excluding securities in the hands of secured creditors) realised ₹ 26,000. Prepare liquidator's account showing the composition given to unsecured creditor.

6. a) What is acquisition ?
- b) Explain the net asset methods of calculating purchase consideration.
- c) M and R carrying on business in partnership sharing profits and losses in the ratio of 3 : 2 with to dissolve the firm and sell the business to a limited Co. on 31st March 2008 when the firms balance sheet stands as under

Liabilities	Rs.	Asset	Rs.
Capital Account :		Furniture	8,000
M	70,000	Motor car	12,000
R	50,000	Stock	81,000
Reserve	20,000	Debtors	60,000
Sundry Creditors	25,000	Cash	4,000
	1,65,000		1,65,000



A limited Co. with an authorised capital of ₹ 3,00,000 in equity shares of ₹ 10 each is registered to purchase the above business on the following terms.

- 1) Goodwill is valued at ₹ 30,000.
- 2) Furniture and stock are revalued at ₹ 6,000 and ₹ 85,000 respectively.
- 3) Debtors are subject to 5% provision.
- 4) Motor car is not required by the company and M takes over the same at an agreed valuation of ₹ 8,000. The purchase consideration is satisfied by the issue of equity shares of ₹ 10 each. Show the Balance Sheet of the purchasing company.

SECTION – B

Answer **any two** questions, **each** carries **12** marks.

- 7) a) A Ltd. holds 80% of the equity shares of B Ltd. which was acquired on 31st Dec. 2008 when the latter Co. had a credit balance on profit and loss account of ₹ 15,000 and general reserve of ₹ 20,000. Stocks held by A Ltd. include ₹ 5,000 for goods supplied by B Ltd. at a profit of 20% on selling price. From the following balance sheets, prepare a consolidated balance sheet as at 31st December 2010.

Liabilities	A. Ltd.	B. Ltd.	Assets	A. Ltd.	B. Ltd.
	₹	₹		₹	₹
Share capital (Equity share of ₹ 10 each)	5,00,000	1,00,000	Free hold properties	2,30,000	20,000
Capital reserve	1,00,000	–	Furniture	15,500	3,000
General Reserve	1,20,000	30,000	Investments		
P & L a/c	40,000	10,000	8,000 shares of B Ltd.	1,20,000	–
Creditors	1,49,700	36,000	Stocks	4,14,000	1,23,000
Bills payable	21,300	1,000	Debtors	87,000	37,400
Bank Overdraft	–	6,400	Cash	64,500	–
	9,31,000	1,83,400		9,31,000	1,83,400

OR



b) The life assurance fund of a Life Insurance Co. was ₹ 41,92,000 as on 31st March 2014. Its actuarial valuation on 31st March 2014 disclosed a net liability of ₹ 40,40,000 under the assurance and annuity contracts. An interim bonus of ₹ 40,000 was paid to the policy holder during the two-year period ending 31-3-2014. It is now proposed to carry forward ₹ 32,000 and to divide the balance between the policy holders and the share holders. You are required to show

- a) Valuation Balance Sheet
- b) Net profit for the two year period
- c) Distribution of the net profit
- d) Find bonus payable to policy holders.

8) a) The Balance Sheet of Devipriya Ltd. as on 31st Dec. 2014 was as follows :

Liabilities	Rs.	Assets	Rs.
Share capital		Land and Building	25,000
8,000 pref. shares		Other fixed assets	2,00,000
of ₹ 10 each	80,000	Stock	5,25,000
12,000 equity shares		Debtors	1,00,000
of ₹ 10 each	1,20,000	P & L a/c	58,000
Bank loan	4,00,000		
8% debentures	1,00,000		
Interest outstanding			
on debentures	8,000		
Creditors	2,00,000		
	9,08,000		9,08,000

The company went into liquidation on that date prepare liquidator's statement of account after taking into account the following :

- 1) Liquidation expense and liquidator's remuneration amounted to ₹ 3,000 and ₹ 10,000 respectively.
- 2) Bank loan was secured by a pledge of stock.
- 3) Debentures and interest there on are secured by a floating charges on all assets.
- 4) Fixed assets were realised at book values and current assets at 80% of book value.

OR

b) Explain the steps to be taken for internal reconstruction.

(2×12=24)



K15P 0201

Reg. No. :

Name :

Third Semester M.A./M.Sc./M.Com. Degree (Reg./Sup./Imp.)

Examination, November 2015

(2014 Admn.)

COMMERCE

COM 3 C12 : Corporate Accounting

Time : 3 Hours

Max. Marks : 60

SECTION – A

Answer **any 4** questions. **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 acquisition of business.
b) What are the different forms of acquisition of business.
c) The 'A' bank with a capital of ₹ 2,00,00,000 in 50,000 shares of ₹ 400 each (₹ 70 is paid up) and a reserve of ₹ 30,00,000 and whose share were quoted as ₹ 240, was taken over by the 'B' bank, whose capital was ₹ 6,00,00,000 in 1,00,000 shares of ₹ 600 each (₹ 200 paid up) and a reserve of ₹ 80,00,000 and whose shares were quoted at ₹ 740. On the basis that one share in the purchasing bank was given the three shares in the vendor bank. What entries are to be made in the purchasing banks books and how will its share capital and reserve their stand ?
2. a) What do you mean by insurance policy ?
b) What is reinsurance claim ? How is it treated in the final accounts of a life insurance company ?
c) A life insurance Co. prepared its Revenue Account at the end of 31-3-2014. The fund as shown there in was ₹ 25,00,000. The Co. had not taken in to account the following :

	₹
1) Bonus used in reduction of premium	50,000
2) Claims intimated but not admitted	20,000
3) Annuities outstanding	25,000
4) Surrender values adjusted against loans on policies	10,000
5) Reinsurance premium	5,000
6) Claims covered under reinsurance	8,000

Show the life insurance fund after making the adjustment.

P.T.O.



3. a) What is liquidation ?
- b) Distinguish between liquidation and winding up.
- c) The position of P Ltd. in liquidation is as follows. Issued share capital 1000 6% Pref. shares of ₹ 100 each fully paid (arrears of dividends of one year) and it is payable on liquidation.

1000 equity shares of ₹ 50 each fully paid.

1000 equity shares of ₹ 40 each, ₹ 30 paid.

Calls in arrears ₹ 4,000 and calls in advance ₹ 6,000.

Cash left after making payments of the creditors, but before making any call was ₹ 1,16,000.

You are required to prepare liquidator's final statement of accounts.

4. a) State the meaning of internal reconstruction.
- b) What are the objectives of internal reconstruction ?
- c) Ganesh Ltd. passed necessary resolution and received sanction of the court for the reduction of its share capital by ₹ 2,50,000 for the purposes enumerated here under

a) To write off the debit balance of P and L A/c ₹ 1,00,000.

b) To reduce the value of plant and machinery by ₹ 45,000 and of goodwill by ₹ 20,000.

c) To reduce the value of investment to market value by writing off ₹ 40,000.

The reduction was made by converting 25,000 preference shares of ₹ 20 each fully paid to the same number of preference shares of ₹ 15 each fully paid and by converting 25,000 equity shares of ₹ 20 each ₹ 15 paid up into 25,000 equity shares of ₹ 10 each fully paid. Write necessary journal entries in relation to the reduction of share capital.

5. a) What is double account system ?
- b) Distinguish between double account system and double entry system.
- c) Briefly explain the final accounts under double account system.



6. a) What is amalgamation ?
 b) Distinguish between net payment method and net asset methods of the calculation of purchase consideration.
 c) A Ltd. takes over B Ltd. for ₹ 1,00,000 payable in shares of ₹ 10. The balance sheet are as follows :

Balance Sheet					
Liabilities	A Ltd.	B Ltd.	Assets	A Ltd.	B Ltd.
Share Capital (₹ 10)	2,00,000	80,000	Fixed asset	50,000	20,000
Creditors	40,000	20,000	Stock	60,000	30,000
			Other current asset	1,30,000	50,000
	2,40,000	1,00,000		2,40,000	1,00,000

Stock of A Ltd. include ₹ 10,000 purchased form B Ltd. on which B Ltd. made 20% profit on selling price. B Ltd. stock includes ₹ 6,000 purchased from A Ltd. on which A Ltd.

Made 20% profit on cost. Sundry creditors of A Ltd., includes ₹ 5,000 due to B Ltd.

Profit the balance sheet of A Ltd. after absorption.

(4×9=36)

SECTION – B

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

7. a) A Ltd., holds 80% of the equity share capital of B Ltd., which was acquired on December 31, 2012, when the latter company had a credit balance of profit and loss account of ₹ 15,000 and general reserve of ₹ 20,000, stocks held by A Ltd., include ₹ 5,000 for goods supplied by B Ltd. at a profit of 20% on selling price. From the following balance sheet prepare a consolidated balance sheet at December 31st, 2014.

Liabilities	A Ltd.	B Ltd.	Assets	A Ltd.	B Ltd.
Share capital (equity)			Freehold properties	2,30,000	20,000
shares of ₹ 10 each)	5,00,000	1,00,000	Furniture	15,500	3,000
Capital reserve	1,00,000	–	Investments 8000		
General reserve	1,20,000	30,000	shares of B Ltd.	1,20,000	–



P and L A/c	40,000	10,000	Stocks	4,14,000	1,23,000
Creditors	1,49,700	36,000	Debtors	87,000	37,400
Bills payable	21,300	1,000	Cash	64,500	-
Bank overdraft	-	6,400			
	9,31,000	1,83,400		9,31,000	1,83,400

OR

b) Explain the preferential creditors as given under the Indian Companies Act, 1956.

8. The Balance Sheet of Babu Ltd., as on 31-12-2014 was as follows :

Share capital (8000 pref. shares of ₹ 10 each	80,000	Land and building	25,000
12000 equity share of ₹ 10 each	1,20,000	Other fixed asset	2,00,000
Bank loan	4,00,000	Stock	5,25,000
8% debenture	1,00,000	Debtors	1,00,000
Interest outstanding on debenture	8,000	Profit and loss A/c	58,000
Creditors	2,00,000		
	9,08,000		9,08,000

The company went into liquidation on that date. Prepare liquidator's final statement of account after taking into account the following.

- 1) Liquidation expenses and liquidator's remuneration amounted to ₹ 3,000 and ₹ 10,000 respectively.
- 2) Bank loan was secured by a pledge of stock.
- 3) Debentures and interest thereon are secured by a floating charge on all assets.
- 4) Fixed assets were realised at book values and current assets at 80% of book value.

OR

What do you mean by Consolidated Balance Sheet. Explain the points to be remembered in its preparation of consolidated Balance Sheet.

(2×12=24)