



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		
	<b>10,00,000</b>		<b>10,00,000</b>

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 31<sup>st</sup> 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 31<sup>st</sup> 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
	<b>1,65,000</b>		<b>1,65,000</b>





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 31<sup>st</sup> 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 31<sup>st</sup> 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	–
	<b>9,31,000</b>	<b>1,83,400</b>		<b>9,31,000</b>	<b>1,83,400</b>

OR



b) The life assurance fund of a Life Insurance Co. was ₹ 41,92,000 as on 31<sup>st</sup> March 2014. Its actuarial valuation on 31<sup>st</sup> 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 31<sup>st</sup> 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		
	<b>9,08,000</b>		<b>9,08,000</b>

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)