



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.	N Ltd.		M Ltd.	N Ltd.
	(In Rs.)	(In Rs.)		(In Rs.)	(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)