**K21P 1028**

Reg. No. : .....

Name : .....

**III Semester M.Com. Degree (CBSS – Reg./Suppl./Imp.)**  
**Examination, October 2021**  
**(2018 Admission Onwards)**  
**COM3C12 : CORPORATE ACCOUNTING**

Time : 3 Hours

Max. Marks : 60

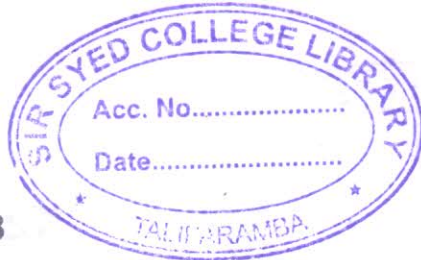
**SECTION – A**

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) Define the term Amalgamation.
- b) Distinguish between amalgamation by merger and by purchase.
- c) On 31<sup>st</sup> 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 31<sup>st</sup> March 1999 stood as under :

<b>Liabilities</b>	<b>Y Ltd.</b>	<b>X Ltd.</b>	<b>Assets</b>	<b>Y Ltd.</b>	<b>X Ltd.</b>
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

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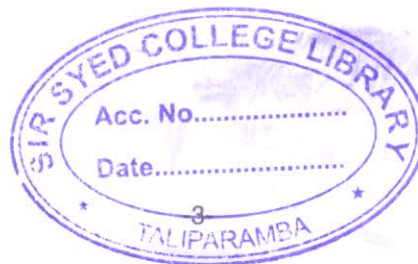
Profit and Loss	20,502	12,900	Prepaid		
Workmen			Insurance	—	700
Compensation			Income Tax		
Fund	12,000	9,000	Refund	—	6,000
Sundry Creditors	58,567	30,456	Cash in Hand	869	356
Staff Provident			Cash at Bank	14,000	8,300
Fund	10,200	4,000			
Provision for					
Taxation	12,300	5,000			
	<b>11,93,569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

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 :

	<b>Book Value</b>	<b>Estimate to Produce</b>
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	—



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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.

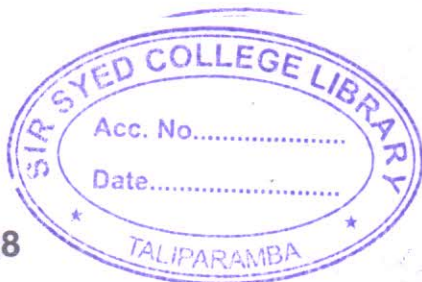
3. a) What do you mean by liquidation of a company ?  
 b) Describe the different modes of winding up.  
 c) Balance Sheet of H Ltd. and S Ltd. On 31<sup>st</sup> March 1999 were as follows :

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
	<b>14,90,000</b>	<b>7,30,000</b>		<b>14,90,000</b>	<b>7,30,000</b>

H Ltd. acquired 3000 equity shares in S Ltd. On 1<sup>st</sup> 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 31<sup>st</sup> March 1999 taking into consideration the fact that assets are to be taken at their proper values.





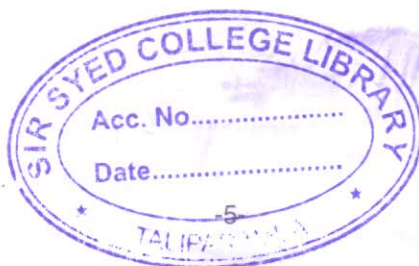
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4. a) What are the salient features of Double Account System ?  
b) What are the advantages and disadvantages of Double Account System ?  
c) How does Double Account System differ from Single Account System and Double Entry System ?
5. a) Define a 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 31<sup>st</sup> 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 <sup>st</sup> April 1999	—	8,550	
<b>Total</b>	<b>3,49,050</b>	<b>3,49,050</b>	



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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 1<sup>st</sup> 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			
	<b>9,600</b>	<b>5,200</b>		<b>9,600</b>	<b>5,200</b>

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**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.

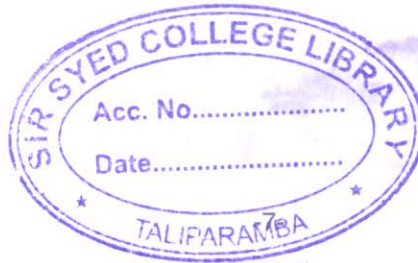
OR

- b) The following information was extracted from the book of a limited company on 31<sup>st</sup> 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.





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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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