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B.Com. (CBCS) DEGREE EXAMINATION, NOVEMBER 2025.

Fourth Semester

Commerce/Corporate Secretaryship/Profession Accounting/Honours/Banking and Financial Banking and E-Commerce

CORPORATE ACCOUNTING — II

(For those who joined in July 2023 onwards)

Time : Three hours Maximum : 75 marks

PART A — (10 × 1 = 10 marks)

Answer ALL questions.

Choose the correct answer :

1. What is amalgamation?

   (a) Merging of two or more companies

   (b) Acquisition of one company by another

   (c) Formation of a new company

   (d) Closure of a company

2. What is the purchase consideration in amalgamation?

(a) Only cash

(b) Only shares

(c) Cash or shares or both

(d) Assets or liabilities

3. What is the primary objective of preparing the final statements of banking companies?

(a) To calculate tax liability

(b) To disclose financial position and performance

(c) To determine dividend payout

(d) To evaluate creditworthiness

4. As per the Banking Regulation Act 1949, what is the format of the Balance Sheet of a banking company?

(a) Vertical format

(b) Horizontal format

(c) Both (a) and (b)

(d) Either (a) or (b)

5. What is the primary principle of insurance?

(a) Risk avoidance

(b) Risk transfer

(c) Risk mitigation

(d) Risk assumption

6. Which type of insurance provides coverage for a specific period, usually one year?

(a) Life insurance

(b) General insurance

(c) Health insurance

(d) Term insurance

7. What is the primary objective of preparing consolidated financial statements?

(a) To show the financial position of the holding company only

(b) To show the financial position of the subsidiary company only

(c) To show the financial position of the holding company and its subsidiaries as a single economic entity

(d) To show the financial position of the holding company and its associates

8. What is the minimum percentage of ownership required for a company to be considered a subsidiary?

(a) 20% (b) 25%

(c) 50% (d) 51%

9. What is the process of dissolving a company called?

(a) Liquidation (b) Winding-up

(c) Dissolution (d) Bankruptcy

10. Which of the following is a mode of winding-up?

(a) Voluntary winding-up

(b) Compulsory winding-up

(c) Both (a) and (b)

(d) Neither (a) nor (b)

PART B — (5 × 5 = 25 marks)

Answer ALL questions choosing either (a) or (b).

Each answer should not exceed 250 words.

11. (a) Explain the various methods of amalgamation.

Or

(b) Raman Ltd., agrees to purchase the business of Krishna Ltd., on the following terms.

(i) For each of the 10,000 shares of Rs. 10 each in Krishnan Ltd. 2 shares in Raman Ltd. of Rs. 10 each will be issued at an agreed value of Rs. 12 per share. In addition, Rs. 4 per share cash also will be paid share. In addition, Rs. 4 per share cash also will be paid.

(ii) 8% Debentures worth Rs. 80,000 will be issued to settle the Rs. 60,000 9% debentures in Krishnan Ltd.

(iii) Rs. 10,000 will be paid towards expenses of winding up.

Calculate the purchase consideration.

12. (a) From the following information, prepare Profit and Loss Account of Swadesh Bank Ltd., for the year ended 31^{st} December 1987.

	Rs. (000)
Interest on fixed deposits	430
Interest on loans	650
Discount on bills discounted	415
Interest on over drafts	210

	Rs. (000)
Interest on cash credits	410
Interest on savings bank deposits	125
Salaries and allowances	140
Rent, taxes, insurance and lighting	40
Locker rent	5
Repairs to bank property	2
Commission, exchange and brokerage	24
Directors' fees and allowances	25
Transfer fees	2
Provident fund contribution	12
Local committee fees and allowances	10
Audit fees	12
Printing and Stationery	4
Loss on sale of Government securities	5
Loss on sale of furniture	2
Postage and telegrams	2
Depreciation	10
Advertisement	4
Legal charges	2

Additional information:

(i) Rebate on bills discounted on 31^{st} December, 1986 Rs. 19,000

(ii) Rebate on bills discounted on 31^{st} December 1987 Rs.26,000

(iii) Bad debts to be written off Rs. 40,000

(iv) Provide for taxation Rs. 50,000.

Or

(b) Give the proforma for profit and Loss account of banking companies in revised format.

13. (a) Draft a format of revenue account for life insurance company.

Or

(b) From the following particulars relating to 'Z' Insurance Co. Ltd., prepare Fire Revenue Account for the year ending 31.3.2005 :

	(Rs. in'000)		(Rs. in'000)
Claim paid	4,80,000	Premium received	12,00,000
Claims outstanding on 1.4.04	40,000	Reinsurance premium paid	1,20,000

	(Rs. in'000)		(Rs. in'000)
Claims intimated but not accepted and paid on 31.3.05	10,000	Commission	2,00,000
		Commission on reinsurance ceded	10,000
Claims intimated and accepted but not paid on 31.3.05	60,000	Provision for unexpired risk on 1.4.04	4,00,000
Commission on reinsurance accepted	5,000	Additional Provision for unexpired risk on 1.4.04	20,000
Expenses of Management	3,05,000		
Bonus in reduction of premium	12,000		

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

14. (a) The Balance Sheets of C Lid, and D Ltd. as at 31st December, 1986 are as follows:

Liabilities	C Ltd Rs.	D Ltd. Rs.	Assets	C Ltd Rs.	D Ltd. Rs.
Share capital (in shares of Rs. 10 each)	2,00,000	1,00,000	Sundry assets	1,32,500	1,38,200
			Goodwill	–	20,000
General reserve	18,000	20,000	Shares in D Ltd. at cost	1,40,000	–

Liabilities	C Ltd Rs.	D Ltd. Rs.	Assets	C Ltd Rs.	D Ltd. Rs.
Profit and loss a/c	24,500	23,000			
Creditors	30,000	15,200			
	2,72,500	1,58,200		2,72,500	1,58,200

In the case of 'D' Ltd., profit for the year ended 31st December 1986 is Rs. 12,000 and transfer to reserve is Rs. 5,000. The holding of C Ltd. in D Ltd. Is 90% acquired on 30th June 1986.

Draft a consolidated Balance Sheet of C' Ltd, and its subsidiary.

Or

(b) Briefly explain about post acquisition losses.

15. (a) Write the mode of winding-up of companies.

Or

(b) Explain the deficiency accounts.

PART C — (5 × 8 = 40 marks)

Answer ALL questions choosing either (a) or (b).

Each answer should not exceed 600 words.

16. (a) Write the procedure for external reconstruction.

Or

(b) Kala Ltd's Balance sheet showed the following position 31st March 2015.

Liabilities	Rs.	Assets	Rs.
10,000 equity shares		Fixed assets	8,00,000
of Rs. 100 each	10,00,000	Current assets	4,00,000
Capital reserve	2,00,000	Cash at bank	2,00,000
Bank loan	2,00,000	Profit and Loss A/c	3,00,000
Trade creditors	3,00,000		
	17,00,000		17,00,000

Mala Ltd. was incorporated to take the fixed assets and 60% of the current assets at an agreed value of Rs. 9,00,000 to be paid as to Rs. 7,40,000 in equity, shares of Rs. 10 each and the balance in 9% debentures. The debentures were accepted by bank in settlement of loan. Remaining current

assets realised Rs. 90,000. After meeting Rs. 20,000 expenses of liquidation, all the remaining cash was paid to the creditors in full settlement.

Give journal entries in the books of both the companies and prepare the initial Balance Sheet of Mala Ltd., if the amalgamation is in the nature of purchase.

17. (a) On 31st December 1986, The following balances stood in the books of Asian Bank Ltd., after preparation of its profit and Loss Account.

Particulars	Rs.(000)
Share capital:	
Issued and subscribed	4,000
Reserve fund (under section 17)	6,200
Fixed deposits	42,600
Savings bank deposits	19,000
Current accounts	23,200
Money at call and short notice	1,800
Investments	25,000
Profit and Loss Account (Cr) 1st Jan 1986	1,350
Dividend for 1985	400

Particulars	Rs.(000)
Premises	2,950
Cash in hand	380
Cash with RBI	10,000
Cash with other banks	6,000
Bills discounted and purchased	3,800
Loans, cash credits and over drafts	51,000
Bills payable	70
Unclaimed dividend	60
Rebate on bills discounted	50
Short loans (borrowing from other banks)	4,750
Furniture	1,164
Other assets	336
Net Profit for 1986	1,550

Prepare balance sheet of the bank as on 31st December 1986

Or

(b) From the following Trial Balance of a bank as on 31.12.1986, prepare the balance sheet and Profit and Loss Account making all the necessary provisions.

Particulars	Dr. Rs.(000)	Cr. Rs.(000)
Deposits		97,200
Sundry creditors		455
Debts due by bank		12,200
Liability for customer's acceptances		33,268
Rebate on bills discounted		4,570
Reserve fund		12,500
Capital: 2,00,000 shares of Rs. 100 each, Rs. 50 per share paid up		10,000
Interest and discount received		5,800
Exchange and commission		1,700
General charges recovered		55
Profit and Loss A/c (1.1.1986)		852
Cash with banks	7,307	–
Liability of customers for acceptances	33,268	
Investments	50,775	
Loans and bills purchased	77,200	
Land and Buildings	3,500	
Depreciation	500	
Interest paid	1,200	

Particulars	Dr. Rs.(000)	Cr. Rs.(000)
Exchange and commission	100	
Salaries	3,200	
Money at call	1,500	
Non-banking assets	50	
	1,78,600	1,78,600

Deposits include Rs. 85,00,000 debit balance being over drafts. One of the accounts Rs. 95,000 including Rs. 7,000 as interest for 1986 is doubtful. During the year, property acquired in 1984 in satisfaction of a defaulted debt of Rs. 25,000 was sold for Rs. 18,000. The amount of Rs. 18,000 was credited to the account, no further adjustment having been made yet.

18. (a) The books of Jai Prakash Insurance C. Ltd contain the following information in respect of fire insurance as on 31.3.2006.

Particulars	Rs. in Thousand	Particulars	Rs. in Thousand
Provision for unexpired risks (1.4.05)	80,000	Refund of double taxation	600
Estimated liability in respect of outstanding claims: On 1.4.05	10,000	Management expenses	55,000
On 31.3.06	15,000	Interest and Dividends	8,000
Medical expenses regarding claims	1,000	Legal expenses regarding claims	1,500
Claims paid	70,000	Profit on sale of investments	1,750
Reinsurance premium	14,500	Additional reserve on 31.3.05	60,000
Reinsurance recoveries	1,500		
Premiums	1,90,000		
Commission on direct business	25,000		
Commission on re insurance ceded	3,000		
Commission on re insurance accepted	1,000		

Additional reserve is to be increased by 10% of the net premium income. Prepare revenue A/c keeping the reserve for unexpired risks at 50% of premium income.

Or

(b) From the following balances extracted from the books of the L.I.C as at 31.3.06, prepare a Revenue A/C for the year ending 31.3.2006 in the prescribed form:

Particulars	Rs. (in'000)	Particulars	Rs. (in'000)
Claims by death	3,30,000	Life Assurance	
Claims by maturity	2,15,000	fund (1.4.05)	63,31,000
Agents and		Premiums	20,65,000
Canvasser's allowance	26,500	Bonus in reduction	
Salaries	44,200	of premiums	1,000
Travelling expenses	1,200	Income tax on	
Directors' fees	8,700	interest and	
Auditor's fees	1,000	dividends	5,700
Medical fees	52,000	Printing and	
Commission	2,18,000	Stationery	13,900
Rent	2,800	Postage and	
Law charges	200	telegrams	14,300
Advertising	4,300	Receipt stamps	2,300
Bank charges	1,500	Reinsurance	
General charges	2,000	premiums	40,950
Surrenders	47,500	Interest and	
		Dividend (Gross)	2,72,000
		Policy renewal fees	9,600
		Assignment fees	540
		Endowment fees	690
		Transfer fees	1,400

Provide Rs. 1,500 Thousands for depreciation of furniture and Rs. 2,20,000 thousands for depreciation on investments.

19. (a) X Ltd. purchased 750 shares in Y Ltd. on 1.7.94. The following were their Balance Sheets on 31.12.94

Liabilities	X Ltd. Rs.	Y Ltd Rs.	Assets	X Ltd Rs.	Y Ltd Rs.
Share capital:			Buildings	2,05,000	1,25,000
Shares of			Stock	1,00,000	80,000
Rs. 100 each	3,00,000	1,00,000	Debtors	1,00,000	40,000
General			Investment		
reserve			in Y Ltd.	1,00,000	–
on 1.1.94	1,00,000	70,000	Bills		
Profit and			receivable	40,000	45,000
loss a/c	1,00,000	60,000	Cash at		
Creditors			bank	60,000	20,000
Bills payable	50,000	20,000	Current		
Current			Account:		
Account:			Y Ltd	25,000	–
X Ltd	–	20,000			
	6,30,000	3,10,000		6,30,000	3,10,000

Additional information

(i) Bills receivable of X Ltd. include Rs. 10,000 accepted by Y Ltd.

(ii) Debtors of X Ltd, include Rs. 20,000 payable by Y Ltd.

(iii) A cheque of Rs. 5,000 sent by Y Ltd. on 28th December was not yet received by X Ltd. On 31st December 1994.

(iv) Profit and Loss A/c of Y Ltd, showed a Balance of Rs. 20,000 on .1.1.94.

You are required to prepare a consolidated Balance Sheet of X Ltd, and Y Ltd as on 31.12.1994.

Or

(b) From the Balance Sheets given below, prepare a consolidated Balance Sheet of A Ltd., and its subsidiary B Ltd.,

Balance Sheet as on 30th June 1994

Liabilities	A Ltd Rs.	B Ltd. Rs.	Assets	A Ltd Rs.	B Ltd. Rs.
Share capital:			Land and		
(Rs. 10 per share			Buildings	6,40,000	2,00,000
fully paid)	25,00,000	6,00,000	Machinery	12,60,000	3,40,000
General			Furniture	1,40,000	60,000
Reserve	3,60,000	1,20,000	40,000		
Profit and			shares in		
loss a/c	2,40,000	1,80,000	B Ltd.,	5,00,000	2,50,000
Trade creditors	3,50,000	1,00,000	Stock	4,10,000	1,00,000
			Debtors	3,80,000	50,000
			Bank		
			balance	1,20,000	–
	34,50,000	10,00,000		34,50,000	10,00,000

At the date of acquisition by A Ltd. of its holding of 40,000 shares in B Ltd., the latter company had undistributed profits and reserves amounting to Rs. 1,00,000, none of which had been distributed since then.

20. (a) A liquidator is entitled to receive remuneration @, 2% of the assets realised and 3% on the amount distributed among the unsecured creditors. The assets realised Rs. 70,00,000 against which payment was made as follows:

Liquidation expenses Rs.50,000

Preferential creditors Rs. 1,50,000 and

Secured creditors Rs. 40,00,000; Unsecured creditors: Rs. 30,00,000.

Calculate the total remuneration payable to the liquidator.

Or

(b) The following particulars relate to a limited company which went into voluntary liquidation.

Preferential creditors : Rs.25,000

Unsecured creditors: Rs.58,000

6% debentures : Rs.30,000

The assets realised Rs. 80,000. The expenses of liquidation amounted realised to Rs. 1,500 and the liquidator's remuneration was agreed at 2½% on the amount realised and 2% on the amount paid to unsecured creditors including preferential creditors.

Show the liquidator's final statement of account.