Reg. No. : ....

Code No. : 21037 E **Sub. Code : EMCO 41/ EMCR 41/EMPA 41/ EMHO 41/EMBE 41/ EMBF 41/FCCO 41/ FCCR 41/FCPA 41/ FCHO 41/FCBF 41/ FCBE 41**

B.Com. (CBCS) DEGREE EXAMINATION, APRIL 2026.

Fourth Semester

Commerce / Professional Accounting / Corporate Secretaryship / Honours / Banking and Finance / Banking and E-Commerce / Computer Application — Core

CORPORATE ACCOUNTING — II

(For those who joined in July 2023 only)

Time : Three hours Maximum : 75 marks

PART A — (10 × 1 = 10 marks)

Answer ALL questions.

Choose the correct answer :

1. External Reconstruction involves
   (a) Change in the existing company's structure without liquidation
   (b) Formation of a new company to take over the existing one
   (c) Merger of two companies
   (d) Reduction of liabilities only

2. Shares of Rs. 10 converted into shares of Rs. 100 each is termed as

(a) Consolidation (b) Subdivision

(c) Conversion (d) None of these

3. Which of the following best describes a Non-Performing Asset (NPA)?

(a) Money at call and short notice

(b) An asset that ceases to generate income

(c) Cash balance to date

(d) Cash balance with the RBI

4. Banks are required to transfer a percentage of their profit to the statutory reserve

(a) 5% (b) 25%

(c) 15% (d) 35%

5. General Insurance business was nationalised in the year

(a) 1935 (b) 1950

(c) 1956 (d) 1972

6. Fixed payment at a regular interval made by the insured for a contract of insurance is called

(a) Commission (b) Premium

(c) Bonus (d) Sum Assured

7. The share of the outsiders in the subsidiary company is called

(a) Capital profit (b) Revenue profit

(c) Minority interest (d) None of the above

8. Pre-acquisition profit in the subsidiary company is considered

(a) Revenue profit (b) Capital Profit

(c) Goodwill (d) Capital Reserve

9. ________ gives the list of preferential creditors.

(a) List C (b) List D

(c) List H (d) List G

10. The liquidator's statement of receipt and payment is known as

(a) Cash flow statement

(b) Deficiency a/c

(c) Statement of affairs

(d) Liquidator's final statement of A/c

PART B — (5 × 5 = 25 marks)

Answer ALL the questions by choosing (a) or (b).
Each answer should not exceed 250 words.

11. (a) Marshall Ltd., has a share capital of Rs. 5,00,000 divided into 5,000 shares of Rs. 100 each, fully paid. Show the entries under each of the following conditions.

(i) When Marshall Ltd., resolves to sub-divide the shares into 50,000 shares of Rs. 10 each fully paid.

(ii) When Marshall Ltd., resolves to convert its 5,000 shares of Rs. 100 each into Rs. 5,00,000 worth of stock.

Or

(b) Explain the various methods used to calculate purchase consideration.

12. (a) Prepare profit loss account of Kalyan Bank Ltd., for the year ended 31.03.2024 from the following particulars.

	Rs.
Interest on loans	1,40,000
Interest on Savings accounts	80,000
Interest on cash credits	70,000

	Rs.
Interest on fixed deposits	88,000
Interest on overdrafts	65,000
Amount charged against current accounts	20,000
Rebate on bills discounted	8,500
Establishment expenses	50,000
Discount on bills discounted (net)	22,000
Rent	2,000
Dearness allowance	17,000
Managing director's salary	7,000
Commission, exchange and brokerage	8,000
Contribution to provident fund	4,000

Bad debts to be written off amounted to Rs. 11,000. Provision for taxation may be made @ 55%.

Or

(b) Calculate rebate on bills discounted as on 31.12.2023.

Date of Bill	Period	Rate of Interest	Amount
20.11.2023	2 months	6%	5,000
15.10.2023	4 months	7%	7,000
16.09.2023	6 months	8%	8,000
25.08.2023	5 months	9%	9,000

13. (a) The life fund of Star Life Insurance Company on 31.3.2017 showed a balance of Rs. 29,00,000. However, the following items were not taken into account while preparing the revenue a/c.

Particulars	Amount (Rs.)
(i) Interest and dividends accrued on investment	52,000
(ii) Income tax deducted at source on the above	16,000
(iii) Re-insurance claims recoverable	10,000
(iv) Commission due on re-insurance premium paid	24,000
(v) Bonus utilised in reduction of premiums	7,000

Find the correct fund.

Or

(b) KING Insurance Company shows the following premiums on 31st March 2016.

	Rs.
Direct premium received during the year	10,00,000
Premium outstanding 1.4.2015	1,00,000
Premium outstanding 31.3.2016	2,00,000
Reinsurance premium paid	40,000
Reinsurance premium received	80,000
Bonus in reduction of premium	30,000

Calculate the amount of net premiums to be credited to Revenue Account for the year ending 31st March 2007.

14. (a) The following are the balance sheets of A Ltd. and K Ltd.

Particulars	A Ltd.	K Ltd.
A. Equity and Liabilities		
1. Shareholder's fund		
Share capital (Equity shares of Rs. 10 each)	5,00,000	2,50,000
Reserve & Surplus :		
Profit & Loss A/c	70,000	5,000
General Reserve	30,000	15,000
2. Current Liabilities		
Trade Payables	4,00,000	1,30,000
Total	10,00,000	4,00,000

Particulars	A Ltd.	K Ltd.
B. Assets		
1. Non-current assets :		
Fixed Assets		
Tangible Assets		
Machinery	5,50,000	3,00,000
Non-current investment :		
Investment in 25,000 shares of K Ltd.	3,50,000	—
2. Current Assets	1,00,000	1,00,000
Total	10,00,000	4,00,000

Prepare a consolidated balance sheet if A Ltd. acquired the above-mentioned shares on 31st March 2023.

Or

(b) Balance Sheet of S Ltd. as on 31st March 2010 (Liabilities only).

	Rs.
Share capital 40,000 Equity shares of Rs. 10/- each	4,00,000
Reserves and surpluses	2,50,000
Secured loan	2,50,000
Other Liabilities	1,00,000
	10,00,000

On the above date, H Ltd. acquired 30,000 Equity shares in S Ltd. on the above date for Rs. 7,50,000, fixed assets of S Ltd. was appreciated by Rs. 1,50,000 to find out the cost of control / Goodwill.

15. (a) The liquidator of a company is entitled to a remuneration of 2% on assets realised and 3% on the amount distributed to unsecured creditors. The assets realised Rs. 1,00,000/- including cash balance of Rs. 5,000. Amount available for distribution to unsecured creditors before paying the liquidator remuneration of Rs. 43,100. Calculate liquidator's remuneration.

Or

(b) Who is a Liquidator? What are the functions of Liquidators?

PART C — (5 × 8 = 40 marks)

Answer ALL the questions by choosing (a) or (b).

Each answer should not exceed 600 words.

16. (a) Following is the balance sheet of S Ltd. as on 31.03.2015.

Liabilities	Rs.	Assets	Rs.
Equity share capital			
Share of Rs. 10 each	4,00,000	Land building	3,20,000
Creditors	3,00,000	Plant & Machinery	1,30,000
		Preliminary exp	5,000
		Stock	70,000

Liabilities	Rs.	Assets	Rs.
		Debtors	1,20,000
		Cash at bank	1,000
		Profit and Loss a/c	54,000
	7,00,000		7,00,000

The scheme of reconstruction provided :

(i) The company is to go into liquidation and a new company, SS Ltd., with an authorised capital of Rs. 8,00,000, is to be formed to take over the assets and liabilities.

(ii) Preferential creditors of Rs. 10,000 included in the above balance sheet are to be paid in full.

(iii) Unsecured creditors to received either (A) 50% of their claim in cash or (B) 6% debentures in the new company equivalent to their claim, at par.

(iv) Shareholders in S Ltd., to be allotted one share of Rs. 10 each in the new company, Rs. 5 per share paid up for every existing share held by them.

(v) Reconstruction costs amounting to Rs. 6,000 to be paid by S Ltd., from cash made available by the new company, in addition to other purchase consideration mentioned above.

Half of the unsecured creditors in value opted out for immediate cash payment, for which purpose, necessary cash was made available by the new company, which made a call of Rs. 5 each on the partly paid shares, allotted as aforesaid. The new company valued all the assets (except land and buildings) taken over from S Ltd., at book value.

Prepare the balance sheet of SS Ltd., giving effect to the above transactions.

Or

(b) A Ltd. was absorbed by B Ltd. on 31st December 2018. On that date, their balance sheet was as under :

Liabilities	B Ltd.	A Ltd.	Assets	B Ltd.	A Ltd.
Equity shares of Rs. 10 each	5,00,000	2,00,000	Fixed assets	3,00,000	2,00,000
Reserves and surplus	1,00,000	50,000	Investment	—	20,000
Current liabilities	2,00,000	1,50,000	Current assets	5,00,000	1,80,000
	8,00,000	4,00,000		8,00,000	4,00,000

The condition of absorption is 2 shares of B Ltd. of Rs. 10 each at a premium of Rs. 2.50 per share for every one share held in A Ltd.

Prepare the ledger accounts in the books of A Ltd. and pass journal entries in the books of B Ltd.

17. (a) From the following information relating to X Bank Ltd., prepare Profit and Loss account for the year ended 31st March 2017.

	Rs. (in '000)		Rs. (in '000)
Rent received	1,08,000	Salaries and allowances	3,40,000
Exchange and commission	50,000	Postage	8,500
Interest on fixed deposits	16,50,000	Sundry charges	5,000
Interest on savings Bank account	4,10,000	Director's & Auditors fees	25,000
Interest on overdraft	3,25,000	Printing	11,000
Discount on bills discounted	10,50,000	Law charges	5,000
Interest on current account	2,10,000	Locker Rent	2,100
Interest on cash credits	14,10,000	Transfer fees	4,100
Depreciation on bank property	25,000	Interest on loans	16,10,000

Information :

Provision for bad debts Rs. 2,00,000. Provision for tax Rs. 3,50,000, Balance of Profit bought forward Rs. 5,15,000.

Or

(b) The following are the ledger balances of M Bank Ltd. Prepare the profit and loss account and balance sheet as on 31st March 2014 as per the requirements of the Banking Regulation Act.

	Rs.
Share capital 20,000 shares of Rs. 1,000 each, Rs. 100 each	20,00,000
Reserve fund investments	10,00,000
General expenses	1,82,000
Current accounts	2,02,44,000
Interest paid	1,61,000
Savings bank accounts	29,20,000
Fixed deposits	40,00,000
Profit and loss account, balance brought forward	2,30,000
Discount received	1,80,000
Rebate on bills discounted	64,000
Commission, exchange and brokerage	44,000
Cash	2,27,000
Interest received	5,32,000
Cash with RBI	20,12,000

	Rs.
Owing by foreign correspondents	2,00,000
Short loans	64,82,000
Loans and advances to customers	1,55,85,000
Investments	92,83,000
Bills discounted	62,28,000
Premises	22,18,000

Note :

(i) Provision for bad and doubtful debts required Rs. 1,29,000.

(ii) The bank had bills for collection for its constituents of Rs. 5,00,000 and acceptances, endorsements and guarantees of Rs. 16,00,000.

(iii) The profit and loss account balance is the balance left on that account after the payment of the interim dividend amounting to Rs. 2,00,000.

18. (a) Preparation of the following figures extracted from the book of East India Assurance Company Ltd., prepare the revenue account for the year ending 31st March 2018.

	Rs.
Life assurance fund on 1st April 2017	12,56,000
Premium	7,03,600
Reinsurance premium	33,500
Consideration for annuities Granted	87,330
Interest and dividend	2,89,600
Income tax on dividends	35,190
Assignment and other fees	490
Miscellaneous Receipts	6,540
Claims by death	3,04,980
Claims by maturity	68,670
Surrenders	67,550
Reduction of premiums by a bonus	612

	Rs.
Annuities	21,640
Commission	30,230
Expenses of management	40,039
Income tax	5,750
Dividends	21,140
Bad debts	20
Loss on investments	740
Amount written-off investment	83,920

Or

(b) Explain the following terms relating to insurance business :

(i) Reinsurance

(ii) Premium

(iii) Commission on reinsurance ceded

(iv) Reserve for unexpired risk.

19. (a) The following are the Balances sheets of Subha Ltd. and Maha Ltd. as on March 31, 2018.

Balance Sheet

	Subha Ltd. Rs.	Maha Ltd. Rs.		Subha Ltd. Rs.	Maha Ltd. Rs.
Share capital :			Fixed Assets	1,95,000	70,000
Shares of Rs. 10	2,00,000	50,000	Investments :		
General Reserve	50,000	20,000	Shares in M Ltd.	60,000	—
P & L Account balance (1.4.17)	30,000	7,500	Debtors	35,000	25,000
Profit for the year 2017-18	50,000	20,000	Other current assets	60,000	12,500
Creditors	20,000	10,000			
	3,50,000	1,07,500		3,50,000	1,07,500

Notes :

(i) Subha Ltd. purchased on October 1, 2017, 4,000 shares in Maha Ltd. at Rs. 15 each.

(ii) Stock in Maha Ltd. includes Rs. 7,500 worth of goods purchased from Subha Ltd. which company sells goods at 25% above cost.

(iii) Creditors of Maha Ltd. include Rs. 5,000 worth due to Subha Ltd.

Prepare a consolidated Balance Sheet as on March 31, 2018.

Or

(b) Explain the following terms :

(i) Holding company

(ii) Subsidiary company

(iii) Cost of control

(iv) Minority interest.

20. (a) The following particulars related to a Limited company which has gone into voluntary liquidation. Prepare liquidator's final statement of account, allowing for his remuneration @ 3% on the amount realised and 2.5% on the amount distributed to unsecured creditors other than preferential creditors.

	Rs.
Preferential creditors	18,000
Unsecured creditors	44,800

	Rs.
Debentures	15,000

The assets realised are as follows :

Land and building	35,000
Plant	23,450
Furniture	5,730
Liquidation expenses	890

Or

(b) Define the term company liquidation and describe the various methods through which a company may be wound up.