



# PRESIDENCY UNIVERSITY

BENGALURU

Roll No.																			
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## End - Term Examinations - December 2025

Date: 09 - 12- 2025

Time: 09:30am - 12:30pm

<b>School:</b> SOC / SOM (UG)	<b>Program:</b> B.COM		
<b>Course Code:</b> COM3096	<b>Course Name:</b> Advanced Corporate Accounting		
<b>Semester:</b> III	<b>Max Marks:</b> 100	<b>Weightage:</b> 50%	

CO - Levels	C01	C02	C03	C04	
<b>Marks</b>	<b>33</b>	<b>22</b>	<b>20</b>	<b>25</b>	

### Instructions:

- (i) Read all questions carefully and answer accordingly.
- (ii) Do not write anything on the question paper other than roll number.

### Part A

Answer ALL the Questions. Each question carries 2marks.

10Q x 2M=20M

1.	Define 'Holding Company' as per the Companies Act, 2013.	2 Marks	L1	C01
2.	State the purpose of preparing Consolidated Financial Statements.	2 Marks	L1	C01
3.	Differentiate between 'Amalgamation in the nature of Merger' and 'Amalgamation in the nature of Purchase' as per AS 14.	2 Marks	L2	C02
4.	List the two main methods for calculating Purchase Consideration in amalgamation.	2 Marks	L1	C02
5.	Write the meaning of 'Internal Reconstruction' of a company.	2 Marks	L1	C03
6.	State the journal entry for the reduction of the face value of equity shares as part of an internal reconstruction scheme.	2 Marks	L3	C03
7.	Who is a 'Liquidator' in the context of company liquidation?	2 Marks	L1	C04
8.	Outline the key difference between a 'fully secured' and a 'partly secured' creditor in a liquidation?	2 Marks	L2	C04
9.	What does 'Minority Interest' represent on a Consolidated Balance Sheet?	2 Marks	L1	C01
10.	Define 'Purchase Consideration' in the context of amalgamation.	2 Marks	L1	C02

## Part B

**Answer ALL the Questions. Each question carries 7 marks.**

**5Q x 7M = 35M**

<b>11.</b>	<p>H Ltd. acquired 70% of the equity shares of S Ltd. on 1st January, 2024. On that date, the Balance Sheet of S Ltd. showed:</p> <ul style="list-style-type: none"> <li>• Paid-up Capital: 10,000 Equity Shares of ₹10 each fully paid.</li> <li>• Reserves: ₹1,00,000.</li> </ul> <p>The assets of S Ltd. were revalued on 1st January, 2024, and a revaluation loss of ₹20,000 was ascertained. H Ltd. paid ₹1,60,000 to acquire this 70% interest.</p> <p>From the following information:</p> <p>a) Calculate the Goodwill or Capital Reserve on consolidation.                      b) State, with a reason, where this amount (Goodwill/Capital Reserve) will be shown in the Consolidated Balance Sheet.</p>	<b>07 Marks</b>	<b>L3</b>	<b>CO1</b>
<b>Or</b>				
<b>12.</b>	<p>Compute value of Minority Interest from the following details:</p> <p>a) Share Capital of Subsidiary Ltd: ₹10,00,000 (in shares of ₹10 each)                      b) Holding Company acquired 80% shares on the acquisition date.                      c) Capital Profits of Subsidiary Ltd: ₹2,00,000                      d) Revenue Profits of Subsidiary Ltd: ₹1,50,000</p>	<b>07 Marks</b>	<b>L3</b>	<b>CO1</b>
<b>13.</b>	<p>Explain the different methods of computing the Purchase consideration in context to amalgamation of companies.</p>	<b>07 Marks</b>	<b>L2</b>	<b>CO2</b>
<b>Or</b>				
<b>14.</b>	<p>Pass the necessary journal entries in the books of the Transferor Company upon amalgamation for the transfer of assets and liabilities, assuming the purchase consideration is ₹12,00,000 and the net assets taken over are valued at ₹11,50,000.</p>	<b>07 Marks</b>	<b>L3</b>	<b>CO2</b>
<b>15.</b>	<p>Explain the concept 'surrender of shares'.                      Give the journal entry when shareholders surrender a part of their shares to the company as part of a capital reduction scheme.</p>	<b>07 Marks</b>	<b>L2</b>	<b>CO3</b>
<b>Or</b>				
<b>16.</b>	<p>The following details are extracted from the Balance Sheet of Modern Ltd. as of 31st March 2024, before internal reconstruction:                      Share Capital (20,000 Equity Shares of ₹100 each)                      Profit and Loss Account (Debit Balance): 60000</p> <p>The company decided to undergo a scheme of internal reconstruction approved by the court and shareholders. The scheme involved:</p> <ol style="list-style-type: none"> <li>1. Reducing the face value of each equity share from ₹100 to ₹70.</li> <li>2. Utilizing the capital reduction amount to write off the entire debit balance in the Profit and Loss Account.</li> </ol> <p>You are required to give answer of the following questions:</p> <p>(a) Pass the necessary journal entries to give effect to the above scheme.                      (b) Write importance of internal reconstruction by the company.</p>	<b>07 Marks</b>	<b>L3</b>	<b>CO3</b>
<b>17.</b>	<p>Describe the order of payment as per the Companies Act, 2013, that a liquidator must follow while distributing cash.</p>	<b>07 Marks</b>	<b>L3</b>	<b>CO4</b>
<b>Or</b>				

18.	The balance available for unsecured creditors is ₹81,600 after all other payments. The total unsecured creditors claim is ₹1,00,000. The liquidator is entitled to a commission of 2% on the amount distributed to unsecured creditors. Calculate the final amount payable to the unsecured creditors.	07 Marks	L3	CO4
19.	The liabilities of a company in liquidation include: <ul style="list-style-type: none"> <li>• Preferential Creditors: ₹50,000</li> <li>• Unsecured Creditors: ₹2,00,000</li> </ul> After realizing all assets and paying secured creditors and liquidation expenses, a balance of ₹1,80,000 is available for the preferential and unsecured creditors. The liquidator is entitled to a commission of 2% on the amount distributed to unsecured creditors. Calculate: <ol style="list-style-type: none"> <li>The liquidator's commission on payment to unsecured creditors.</li> <li>The total amount finally paid to the unsecured creditors.</li> </ol>	07 Marks	L3	CO4
<b>Or</b>				
20.	Differentiate between 'Voluntary Liquidation' and 'Compulsory Winding Up' under the Companies Act on the basis of who initiates the process.	07 Marks	L2	CO4

### Part C

Answer any three Questions. Each question carries 15marks

3Q x 15M=45M

21.	<p><b>The following are the liabilities and assets of the holding company H Ltd. and its subsidiary S Ltd. as on 31st December 2021:</b></p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 50%;">Particulars</th> <th style="width: 25%;">H Ltd.</th> <th style="width: 25%;">S Ltd.</th> </tr> </thead> <tbody> <tr> <td colspan="3"><b>Liabilities</b></td> </tr> <tr> <td>Share Capital: Shares of Rs. 10 each</td> <td style="text-align: right;">8,00,000</td> <td style="text-align: right;">4,00,000</td> </tr> <tr> <td>P &amp; L A/c</td> <td style="text-align: right;">80,000</td> <td style="text-align: right;">40,000</td> </tr> <tr> <td>Current liabilities</td> <td style="text-align: right;">80,000</td> <td style="text-align: right;">40,000</td> </tr> <tr> <td style="text-align: right;"><b>Total Liabilities</b></td> <td style="text-align: right;"><b>9,60,000</b></td> <td style="text-align: right;"><b>4,80,000</b></td> </tr> <tr> <td colspan="3"><b>Assets</b></td> </tr> <tr> <td>Sundry Assets</td> <td style="text-align: right;">6,40,000</td> <td style="text-align: right;">4,80,000</td> </tr> <tr> <td>Investment: 32,000 shares in S Ltd. @ 10 each</td> <td style="text-align: right;">3,20,000</td> <td style="text-align: center;">-</td> </tr> <tr> <td style="text-align: right;"><b>Total Assets</b></td> <td style="text-align: right;"><b>9,60,000</b></td> <td style="text-align: right;"><b>4,80,000</b></td> </tr> </tbody> </table> <p><b>H Ltd. acquired the shares in S Ltd. on 31st December 2021. Prepare the Consolidated Balance Sheet.</b></p>	Particulars	H Ltd.	S Ltd.	<b>Liabilities</b>			Share Capital: Shares of Rs. 10 each	8,00,000	4,00,000	P & L A/c	80,000	40,000	Current liabilities	80,000	40,000	<b>Total Liabilities</b>	<b>9,60,000</b>	<b>4,80,000</b>	<b>Assets</b>			Sundry Assets	6,40,000	4,80,000	Investment: 32,000 shares in S Ltd. @ 10 each	3,20,000	-	<b>Total Assets</b>	<b>9,60,000</b>	<b>4,80,000</b>	15 Marks	L3	CO1
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22.	<p>A Ltd. was purchased by B Ltd. on April 1, 2025. The Balance Sheet of A Ltd. on that date was:</p> <ul style="list-style-type: none"> <li>• Assets: Fixed Assets ₹10,00,000; Current Assets ₹5,00,000.</li> <li>• Liabilities: Current Liabilities ₹3,00,000; Secured Loan ₹2,00,000.</li> </ul> <p>The purchase consideration was fixed at ₹13,00,000 to be discharged by B Ltd. by issuing 1,00,000 equity shares of ₹10 each at a premium of ₹3 per share and the balance in cash.</p> <p>You are required to:</p> <ol style="list-style-type: none"> <li>Calculate the Purchase Consideration.</li> </ol>	15 Marks	L3	CO2																														

	<p>b) Pass the necessary journal entries in the books of A Ltd. (Transferor).</p> <p>c) Pass the necessary journal entries in the books of B Ltd. (Transferee) for recording the acquisition.</p>			
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<b>23.</b>	<p><b>The following is the Balance Sheet of Moonlight Ltd. as of 31st December 2024:</b></p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: left;">Particulars</th> <th style="text-align: right;">Amount</th> </tr> </thead> <tbody> <tr> <td colspan="2"><b>Liabilities</b></td> </tr> <tr> <td>Share Capital (Rs. 100)</td> <td style="text-align: right;">10,00,000</td> </tr> <tr> <td>Reserves</td> <td style="text-align: right;">2,00,000</td> </tr> <tr> <td>Profit &amp; Loss (Debit Bal.)</td> <td style="text-align: right;">(4,00,000)</td> </tr> <tr> <td>Creditors</td> <td style="text-align: right;">5,00,000</td> </tr> <tr> <td><b>Total Liabilities</b></td> <td style="text-align: right;"><b>13,00,000</b></td> </tr> <tr> <td colspan="2"><b>Assets</b></td> </tr> <tr> <td>Fixed Assets</td> <td style="text-align: right;">6,00,000</td> </tr> <tr> <td>Investments</td> <td style="text-align: right;">1,00,000</td> </tr> <tr> <td>Stock</td> <td style="text-align: right;">3,00,000</td> </tr> <tr> <td>Debtors</td> <td style="text-align: right;">2,00,000</td> </tr> <tr> <td>Cash</td> <td style="text-align: right;">1,00,000</td> </tr> <tr> <td><b>Total Assets</b></td> <td style="text-align: right;"><b>13,00,000</b></td> </tr> </tbody> </table> <p>A scheme of internal reconstruction was approved:</p> <ol style="list-style-type: none"> <li>a) Equity shares are reduced to ₹50 per share.</li> <li>b) The debit balance in Profit &amp; Loss Account is to be written off.</li> <li>c) Creditors agree to forgo 20% of their claims.</li> </ol> <p>Pass the necessary journal entries and prepare the Balance Sheet after reconstruction.</p>	Particulars	Amount	<b>Liabilities</b>		Share Capital (Rs. 100)	10,00,000	Reserves	2,00,000	Profit & Loss (Debit Bal.)	(4,00,000)	Creditors	5,00,000	<b>Total Liabilities</b>	<b>13,00,000</b>	<b>Assets</b>		Fixed Assets	6,00,000	Investments	1,00,000	Stock	3,00,000	Debtors	2,00,000	Cash	1,00,000	<b>Total Assets</b>	<b>13,00,000</b>	<b>15 Marks</b>	<b>L3</b>	<b>CO3</b>
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<b>24.</b>	<p>The following information is provided for Victor Ltd., which went into voluntary liquidation:</p> <ul style="list-style-type: none"> <li>• Assets Realized: Land &amp; building ₹5,00,000; Plant &amp; Machinery ₹2,00,000; Stock ₹1,50,000.</li> <li>• Liabilities: Secured Creditors (secured by Land &amp; Building) ₹4,50,000; Preferential Creditors ₹40,000; Unsecured Creditors ₹4,00,000.</li> <li>• Liquidation expenses were ₹15,000.</li> <li>• The liquidator is entitled to a commission of 3% on the assets realized (excluding cash) and 2% on the amount distributed to unsecured creditors.</li> </ul> <p>Prepare the Liquidator's Final Statement of Account.</p>	<b>15 Marks</b>	<b>L3</b>	<b>CO4</b>
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<b>25.</b>	<p>"Consolidated Financial Statements present a true and fair view of the entire economic entity controlled by the parent."</p> <p>In light of this statement, discuss the advantages of preparing Consolidated Financial Statements for various stakeholders.</p>	<b>15 Marks</b>	<b>L4</b>	<b>CO1</b>
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