

**P.B.SIDDHARTHA COLLEGE OF ARTS & SCIENCE :: VIJAYAWADA-10.**  
**(An Autonomous college in the jurisdiction of Krishna University, Machilipatnam)**  
**ADVANCED CORPORATE ACCOUNTING**

<b>Semester:</b>	<b>VI</b>	<b>Credits :</b>	<b>4</b>
<b>Offered to</b>	<b>B.Com(General, Computers )</b>	<b>Course Code</b>	<b>COMSET01</b>
<b>Course Type</b>	<b>Core (Theory)</b>	<b>Year of Introduction</b>	<b>2022-23</b>
<b>Year of Revision:</b>		<b>Percentage of Revision:</b>	
<b>Hours Taught</b>	<b>75 hrs. Per Semester</b>		
<b>Course Prerequisites (if any):</b>			

CO1: The students are able to calculate purchase consideration and different methods of determining purchase consideration and its accounting treatment. (PO1) (PSO1)

CO2: students will acquire the knowledge on provisions for amalgamation of company as per accounting standard 14 and its treatment. (PO4) (PSO1)

CO3: The students will get the knowledge on forms of internal reconstruction and alteration and reduction of share capital and its accounting treatment. (PO4) (PSO1)

CO4: The students will be able to prepare consolidated financial statements and calculate minority interest and its accounting treatment. (PO4) (PSO1)

CO5: students will be able to prepare liquidators final statement of accounts at the time of winding up of a company. and are able to calculate liquidators remuneration and acquire the capacity for preparation of statement of affairs and deficiency account and its accounting treatment. (PO8) (PSO1)

**Unit-I: Purchase of Business**

Meaning - Purchase Consideration - Methods for determining Purchase Consideration-Discharge of Purchase Consideration-Accounting Treatment.

**Unit-II: Amalgamation of Companies**

Meaning and Objectives - Provisions for Amalgamation of Companies as per Accounting Standard 14 - Accounting Treatment.

**Unit-III: Internal Reconstruction of Companies**

Meaning - Forms of Internal Reconstruction - Alteration of Share Capital and Reduction of Share Capital- Accounting Treatment.

**Unit-IV: Accounts of Holding Companies**

Meaning of Holding Companies and Subsidiary companies- Consolidated Financial Statements- Legal requirements on Consolidation-Calculation of Minority Interest- Accounting Treatment.

**Unit-V: Liquidation**

Meaning - Modes of Winding up of a Company- - Liquidator's Final Statement of Account - Calculation of Liquidator's Remuneration - Preparation of Statement of Affairs and Deficiency Account- Accounting Treatment

Text Books:

1. Corporate Accounting by Sehgal Ashok & Sehgal Deepak

Reference Books:

1. Goyal, Bhushan Kumar. Corporate Accounting. Taxmann, New Delhi
2. Kumar, Alok. Corporate Accounting. Kitab Mahal

3. Monga, J. R. Fundamentals of Corporate Accounting. Mayur Paper Backs, New Delhi

Web Links:

<https://thebooker.net/ad/advanced-corporate-accounting-and-accounting-standards>

<https://www.svtuition.org/2011/08/accounting-for-corporate-restructuring.html>

Suggested Co-Curricular Activities

1. Assignments including technical assignments like Working with Audit Company for Observation of Purchase Consideration and Observation of recent Amalgamations in Banking Sector and Corporate Sector
2. Seminars, Conferences, discussions by inviting concerned institutions
3. Field Visit
4. Invited Lectures and presentations on related topics.

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**ADVANCED CORPORATE ACCOUNTING**

COMSET01

**Time: 3Hrs**

**Max Marls: 75**

**Section –A**

**Answer any Five of the following**

**5X5=25M**

1. Define Purchase consideration (CO1)
2. What is Amalgamation? (CO2)
3. Explain Alteration of share capital (CO3)
4. What is a Holding Company (CO4)
5. How do you calculate Minority interest (CO4)
6. Explain Liquidation (CO5)
7. What is meant by Reduction of share capital (CO3)
8. Calculations of liquidators remuneration (CO5)

**Section –B**

**Answer the following**

**5X10=50M**

9. a) Explain the methods for determining the purchase consideration (CO1)

Or

b) Balance sheet of A Ltd (CO1)

Liabilities	Amount (Rs)	Assets	Amount (Rs)
Share Capital 50,000 equity shares of Rs 10/- each fully paid	5,00,000	Fixed Assets	5,00,000
5% Debentures	1,50,000	Investments	1,00,000
General Reserve	30,000	Current Assets	1,80,000
Profit & Loss a/c	20,000	Priliminary Expenses	20,000
Current Liabilities	1,00,000		
<b>Total</b>	<b>8,00,000</b>		<b>8,00,000</b>

On the date of Balance sheet the company was taken over by B Ltd on the following terms

- i) Fixed assets are revalued at Rs 6, 00,000
  - ii) Investments have only a market value of Rs 80,000
  - iii) Current assets are agreed at Rs 2,00,000
  - iv) All liabilities are taken over by B Ltd
- you are required to compute purchase consideration

10. a) Explain the provisions for amalgamation of companies (CO2)

Or

b) Charlee limited and Piyush limited were amalgamated on 1<sup>st</sup> Arpil 2019 a new company was formed with the name of Chaplin Limited to take over the business of existing companies The balance sheets of both the companies as on 31-03-2019 are given below

(CO2)

Liabilities	Charlee	Piyush	Assets	Charlee Ltd	Piyush Ltd
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	Ltd Rs	Ltd Rs		Rs	Rs
Share capital Equity shares of Rs 10 each	800	600	Fixed Assets Less Depreciation	1500 200 <hr/> 1300	1000 100 <hr/> 900
12% preference shares of Rs 100 each	400	300	Investments	500	200
Reserves & Surplus: General Reserve	300	150	Current Assets:	300	200
Capital Reserve	200	150	Stock	400	200
Profit & Loss a/c	150	100	Debtors	200	200
Secured Loans	400	200	Cash and Bank		
Trade Creditors	300	100			
Tax provision	150	100			
Total	2700	1700		2700	1700

Other Information:

- i) Preference shareholders of the two companies are suit equivalent number of 75% of preference shares of Chaplin Ltd
- ii) Chaplin Ltd will issue one equity of Rs 10 each for every share of Charlee Ltd and Piyush Ltd .

Prepare the balance sheet of Chaplin Ltd on the assumption that the amalgamation is in the nature of merger

11. a). Explain the accounting treatment of internal reconstruction. (CO3)

Or

b) Following is the Balance sheet of X ltd as on 31-03-2019 (CO3)

Liabilities	Amount(RS)	Assets	Amount(RS)
5000 Equity shares of Rs 100 each	5,00,000	Goodwill	60,000
3000 8% preferences shares of Rs 100 each	3,00,000	Land & Buildings	2,50,000
6% Debentures	1,50,000	Plant & Machinery	1,00,000
Sundry creditors	1,95,000	Patents	60,000
		Stock	90,000
		Debtors	2,40,000
		Cash in hand	5,000
		Preliminary expenses	25,000
		Discount on issue of debenture	15,000
		Profit & Loss a/c	3,00,000
Totals	11,45,000		11,45,000

The following scheme of Reconstruction was duly approved

- i) Equity share are to be reduced to an equal number of fully paid shares of Rs 50 each
- ii) 8% Preference share are to be reduced by 40% and the rate of dividend increased to 9%

- iii) Value of Land & Buildings to be increased by 20%
- iv) Debentures are to be reduced by 20%
- v) All nominal and fictitious assets are to be eliminated and the balance used to write off patents
- vi) Further equity shares are to be issued for Rs 1,00,000 for each

12. a) Explain the legal requirements for consideration (CO4)

Or

b) H Ltd acquired all the share of S ltd on 1-1-2020 and liabilities and assets of the two companies on

31-03-2020 were as follows (CO4)

	H Ltd	S Ltd
<b>I Equity and Liabilities</b>		
1) Shareholders funds		
a) Share capital:	8,00,000	3,00,000
shares of Rs 10 each		
b) Reserves and Surplus:		
i) Reserve on 1-4-2014	2,10,000	40,000
ii) Surplus a/c	50,000	30,000
2) Current Liabilities		
i) Creditors	3,50,000	1,60,000
ii) Bills Payable	40,000	20,000
	14,50,000	5,50,000
<b>II Assets</b>	4,00,000	2,70,000
1) Non – Current Assets	2,00,000	1,00,000
a) Fixed Assets	50,000	20,000
i) Land & Buildings	5,00,000	
ii) Plant & Machinery		
iii) Furniture & Fixtures	1,50,000	80,000
b) Investment in share of S Ltd	1,00,000	60,000
2) Current Assets	50,000	20,000
a) Stock		
b) Sundry Debtors	14,50,000	14,50,000
c) Bank Balance		

The surplus account of s Ltd had a credit balance of Rs 6000 on 1-04-2014. Prepare a consolidated Balance sheet as on 31-03-2015.

13. a) Explain the modes of winding a company (CO5)

Or

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

Liquidation expenses Rs 50,000

Preferential creditors Rs 1, 50,000

Secured Creditors RS 40,00,000

Unsecured Creditors Rs 30,00,000

Calculate the total remuneration payable to the liquidator

(CO5)

