

C 83762

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Name.....

Reg. No.....

SECOND SEMESTER M.Com. DEGREE EXAMINATION, JUNE 2015

(CUCSS)

MC 2C 07—ADVANCED CORPORATE ACCOUNTING

(2010 Admissions)

Time : Three Hours

Maximum : 36 Weightage

Part A

Answer all questions.

Each question carries 1 weightage.

1. Define 'Purchase consideration'.
2. What do you mean by the term "contributory" ?
3. Define a 'Holding Company'.
4. Explain CPP method for 'Price Level Changes'.
5. Define 'GAAP'.
6. Define 'Deductive Approach'.

(6 × 1 = 6 weightage)

Part B

Answer any six questions.

Each question carries 3 weightage.

7. Explain the various lists to be attached to the Statement of Affairs.
8. What are the advantages of Consolidation of Final Statement of Accounts of a Holding Company ?
9. Explain the advantages of Human Resource Accounting.
10. What is AS-9 concerned with ? Explain it briefly.
11. A Ltd. acquired the undertaking of B Ltd. on 31. 3. 2012 which went into liquidation. The Balance Sheet of B Ltd. as on that date was :

Balance Sheet of the Company as on 31. 3. 2012.

| | Rs. | | Rs. |
|-------------------------------|--------------|---------------------|--------------|
| Authorized and Issued Capital | | Buildings | ... 1,75,000 |
| Equity shares of Rs.100 each | ... 5,23,000 | Plant and Machinery | ... 2,25,000 |
| Profit and Loss account | ... 92,000 | Office Equipment | ... 80,000 |

Turn over

Balance Sheet of the Company as on 31.3.2012.

| | Rs. | | Rs. |
|-------------------|-----------------|--------------------|-----------------|
| Sundry creditors | ... 1,00,000 | Furniture | ... 27,000 |
| Outstanding bills | ... 70,000 | Stock | ... 83,000 |
| | | Sundry debtors | ... 1,50,000 |
| | | Loans and advances | ... 15,000 |
| | | Cash balance | ... 30,000 |
| | <u>7,85,000</u> | | <u>7,85,000</u> |

A Ltd. took over all the assets except cash balance and agreed to pay trade liabilities. The purchase consideration was the exchange of 7 equity share of Rs.100 each paid up value of Rs. 90 per share in A Ltd. for every 6 shares of Rs.100 each in B Ltd and fraction shares were to be paid in cash. The cost of liquidation was Rs. 5,000 which A Ltd. had agreed to bear. The market value of shares of A Ltd. Rs. 90 paid up was Rs.120 per share. Prepare the necessary accounts in the books of B Ltd.

12. The following particulars relate to a limited company which has gone into voluntary liquidation. You are required to prepare the Liquidator's Final account allowing for his remuneration at 2 % on the amount realized on assets and 2 % on the amount distributed to unsecured creditors other than preferential creditors :

| | Rs. | | Rs. |
|--|--------------|-----------------------|--------------|
| Unsecured creditors | ... 2,24,000 | Debentures | ... 75,000 |
| Preferential creditors | ... 70,000 | | |
| The assets realized the following sums : | | | |
| | Rs. | | Rs. |
| Cash in hand | ... 20,000 | Land and Buildings | ... 1,30,000 |
| Plant and Machinery | ... 1,10,500 | Fixtures and Fittings | ... 7,500 |

The liquidation expenses amount to Rs. 2,000. A call of Rs. 2 per share on the partly paid 10,000 equity shares was made and duly paid except in case of one shareholder owning 500 shares.

13. From the balance sheet given below prepare a Consolidated balance sheet of H. Ltd and its subsidiary company S. Ltd.

| <i>Liabilities</i> | H Ltd. | S Ltd. | <i>Assets</i> | H Ltd. | S Ltd. |
|--------------------|---------------|----------|-------------------|-----------|----------|
| | Rs. | Rs. | | Rs. | Rs. |
| Share Capital : | | | Land and Building | 6,40,000 | 2,00,000 |
| Rs.10 shares each | | | Machinery | 12,60,000 | 3,40,000 |
| fully paid | ... 25,00,000 | 6,00,000 | Furniture | 1,40,000 | 60,000 |
| General reserve | ... 3,60,000 | 1,20,000 | Sundry Debtors | 3,80,000 | 1,00,000 |

| Liabilities | 3 | | Assets | H Ltd. | S Ltd. |
|----------------------|------------------|------------------|--|------------------|------------------|
| | H Ltd. | S Ltd. | | Rs. | Rs. |
| | Rs. | Rs. | | Rs. | Rs. |
| P and L account ... | 2,40,000 | 1,80,000 | Bank balance ... | 1,20,000 | 50,000 |
| Sundry Creditors ... | 3,50,000 | 1,00,000 | Investment in 40,000 Shares of S Ltd. ... | 5,00,000 | - |
| | | | Stock ... | 4,10,000 | 2,50,000 |
| | <u>34,50,000</u> | <u>10,00,000</u> | | <u>34,50,000</u> | <u>10,00,000</u> |

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

14. From the following details ascertain : (i) cost of sales ; and (ii) closing inventory as per CPP method when the firm is following FIFO method :

| | Historical (Rs.) | Price Index |
|---|------------------|-------------|
| Opening stock on 1. 1. 2011 ... | 4,000 | 80 |
| Add : Purchases during 2011 ... | 20,000 | 125 |
| Closing stock (out of purchases made in the last quarter) | 3,000 | 120 |
| Index No. on 31 st December, 2011 ... | | 140 |

(6 × 3 = 18 weightage)

Part C

Answer any two questions.

Each question carries 6 weightage.

15. The Balance Sheets of H Ltd. and S Ltd. on 31st March, 2012 were as follows :

| Liabilities | H Ltd. | S Ltd. | Assets | H Ltd. | S Ltd. |
|--|------------------|-----------------|---|------------------|-----------------|
| | Rs. | Rs. | | Rs. | Rs. |
| Share Capital : | | | Land and Building ... | 3,10,000 | 1,60,000 |
| Rs.10 shares each fully paid ... | 10,00,000 | 4,00,000 | Machinery less 10% depreciation ... | 2,70,000 | 1,35,000 |
| 10% Preference share of Rs.100 each ... | — | 1,00,000 | Sundry Debtors ... | 1,55,000 | 90,000 |
| General reserve ... | 1,00,000 | 50,000 | Bank balance ... | 85,000 | 1,95,000 |
| Profit and Loss account (1.4.11) ... | 40,000 | 30,000 | Stock ... | 2,20,000 | 1,50,000 |
| Profit for 2011 – 2012 ... | 2,00,000 | 80,000 | Investment in 3,000 shares of S Ltd. ... | 4,50,000 | — |
| Sundry Creditors ... | 1,50,000 | 70,000 | | | |
| | <u>14,90,000</u> | <u>7,30,000</u> | | <u>14,90,000</u> | <u>7,30,000</u> |

Turn over

H Ltd. acquired 3,000 equity shares in S Ltd. on 1st October 2011. 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 Rs.1,92,500 respectively. Prepare the consolidated balance sheet on H Ltd, and its subsidiary S Ltd. as on 31st March, 2012 taking into consideration the fact that assets are to be taken at their proper values.

16. The following information was extracted from the books of a limited company on 31st December 2012 on which date a winding up order was made :

| | Rs. |
|--|------------|
| 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 |
| Freehold land and buildings (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 floating charge on all the assets of the Company | ... 8,000 |
| Equity share capital – 6,000 shares of Rs.10 each | ... 60,000 |
| 10% debentures secured by floating charge on all the assets of the Company (interest paid to date) | ... 50,000 |
| 11% preference share capital – 6,500 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 creditors and contributories.

17. Explain the Arguments for and against the International Accounting Standards.

(2 × 6 = 12 weightage)