

C 28473

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Name.....

Reg. No.....

SECOND SEMESTER M.Com. DEGREE EXAMINATION, JULY 2012
(CUCSS)

MC 2C 07—ADVANCED CORPORATE ACCOUNTING

Time : Three Hours

Maximum : 36 Weightage

Part A

Answer all questions.

Each question carries 1 weightage.

1. What "IAS" ?
2. Define Human Resources Accounting.
3. What is Liquidation ?
4. Define CPP.
5. Differentiate the terms internal and external reconstruction.
6. Define Inflation Accounting.

(6 × 1 = 6 weightage)

Part B

Answer any six questions.

Each question carries 3 weightage.

7. State the importance of IAS.
8. State the advantages of price level accounting.
9. Distinguish between Amalgamation and Reconstruction.
10. Who are all included under A List and B List of contributories ?
11. GCS is appointed as liquidator of Sun Co. Ltd. in voluntary liquidation on 1st July 2011. Following balances are extracted from the books on that date :

| | Rs. | | Rs. |
|---------------------------------|-----------------|-------------------------|-----------------|
| Capital : | | Machinery | ... 45,000 |
| 24,000 shares of Rs. 5 each ... | 1,20,000 | Leasehold properties | ... 60,000 |
| Reserve for bad debts | ... 15,000 | Stock in trade | ... 1,500 |
| Debentures | ... 75,000 | Book debts | ... 90,000 |
| Bank Overdraft | ... 27,000 | Investments | ... 9,000 |
| Liability for purchases | ... 30,000 | Calls in arrear | ... 7,500 |
| | | Cash in hand | ... 1,500 |
| | | Profit and Loss Account | ... 52,500 |
| | <u>2,67,000</u> | | <u>2,67,000</u> |

Turn over

You are required to prepare a statement of affairs the meeting of creditors. The following assets are valued as under :

| | Rs. |
|--------------------------|----------|
| Machinery ... | 90,000 |
| Leasehold properties ... | 1,09,000 |
| Investment ... | 6,000 |
| Stock in trade ... | 3,000 |

Bad debts are Rs. 3,000 and the doubtful debts are Rs. 6,000 which are estimated to realize Rs. 3,000. The Bank Overdraft secured by deposit of title deeds of Leasehold Properties. Preferential creditors are Rs. 1,500. Telephone charges is Rs. 120.

12. H. Ltd. acquired 8,000 shares of S. Ltd. on 30-6-2011. Their Balance Sheet as at 31-12-2011 stood as follows :

Balance Sheet as at 31st December 2011

| Liabilities | H Ltd. (Rs.) | S. Ltd. (Rs.) | Assets | H. Ltd. (Rs.) | S. Ltd. (Rs.) |
|-----------------------------|-----------------|------------------|-----------------|------------------|------------------|
| Share capital : | | | Fixed Assets | ... 1,20,000 | 1,00,000 |
| 20,000 equity shares of | | | Investments : | | |
| Rs. 10 each fully paid ... | 2,00,000 | — | 8,000 shares in | | |
| 10,000 equity shares of | | | S. Ltd. | ... 96,000 | — |
| Rs. 10 each fully paid ... | — | 1,00,000 | Current Assets | ... 84,000 | 50,000 |
| General Reserves ... | 50,000 | 30,000 | | | |
| Profit and Loss Account ... | 20,000 | 10,000 | | | |
| Sundry Creditors ... | 30,000 | 10,000 | | | |
| | <u>3,00,000</u> | <u>1,50,000</u> | | <u>3,00,000</u> | <u>1,50,000</u> |

On 1-1-2011 the Profit and Loss Account and the General Reserve of S. Ltd. showed a credit balance of Rs. 6,000 and Rs. 2,000 respectively. Prepare a consolidated Balance Sheet as at 31-12-2011 assuming that the profits of S Ltd. were accrued evenly throughout the year.

13. Calculate the Cost of Sales Adjustment (COSA) from the following :—

| | Historical Cost | Index Numbers |
|-----------------------|-----------------|---------------|
| Opening stock ... | 52,000 | 100 |
| Purchases ... | <u>2,20,000</u> | 110 |
| Total Goods ... | 2,72,000 | (Average) |
| Less Closing Stock... | <u>72,000</u> | |
| Cost of Sales ... | <u>2,00,000</u> | |

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14. The Ultra Ltd. went into liquidation. The assets realized Rs. 3,50,000 excluding the amount realized by sale of securities held by the secured creditors. The following was the position :

| | Rs. | | Rs. |
|--|--------------|--|--------------|
| Share capital : 1,000 shares of Rs. 100 each | ... 1,00,000 | Debentures having a floating charge on the assets of the company | ... 2,50,000 |
| Secured creditors (securities realized Rs. 40,000) | ... 35,000 | Liquidation expenses | ... 5,000 |
| Preferential creditors | ... 6,000 | Liquidators remuneration | ... 7,500 |
| Unsecured creditors | ... 1,40,000 | | |

Prepare Liquidators final statement of account:

(6 × 3 = 18 weightage)

Part C

Answer any two questions.

Each question carries 6 weightage.

15. The Balance Sheet of H Ltd. as at 31-12-2011 were as follows :

| <i>Liabilities</i> | <i>H Ltd.</i> (Rs.) | <i>S. Ltd.</i> (Rs.) | <i>Assets</i> | <i>H. Ltd.</i> (Rs.) | <i>S. Ltd.</i> (Rs.) |
|--|------------------------|-------------------------|-------------------------------------|-------------------------|-------------------------|
| Share capital : | | | Fixed Assets | ... 3,50,000 | 1,45,000 |
| 50,000 equity shares of Rs. 10 each fully paid | ... 5,00,000 | — | Investment : | | |
| 20,000 equity shares of Rs. 10 each fully paid | ... — | 2,00,000 | 15,000 equity shares of Rs. 10 each | ... 1,50,000 | — |
| Bills payable | ... 50,000 | 30,000 | Bills Receivable | ... 40,000 | 20,000 |
| Sundry Creditors | ... 1,00,000 | 40,000 | Debtors | ... 1,00,000 | 80,000 |
| Current Account : | | | Cash and Bank | ... 20,000 | 10,000 |
| S Ltd. | ... 10,000 | — | Current Account : | | |
| | | | H Ltd. | ... — | 15,000 |
| | <u>6,60,000</u> | <u>2,70,000</u> | | <u>6,60,000</u> | <u>2,70,000</u> |

Contingent Liabilities :

For Bills Discounted .. 4,000 6,000

Additional information :

Sundry Creditors of S. Ltd. include Rs. 10,000 due to H Ltd.

Bills receivables of H Ltd. include Rs. 8,000 accepted by S. Ltd.

Bills receivables of S Ltd. include Rs. 10,000 accepted by H Ltd.

The difference in Current Account of the companies is due to the fact that a cheque of Rs. 5,000 was sent by H. Ltd. but not reached S Ltd. as yet.

Contingent liability of Rs. 4,000 for bills discounted as shown in the Balanced Sheet of H Ltd. relates to a bill accepted by S Ltd. Prepare a consolidated Balance Sheet as at 31-12-2011.

Turn over

16. X Ltd. had a nominal capital of Rs. 10,00,000 consisting of 50,000 equity shares of Rs. 10 each and 50,000 preference shares of Rs. 10 each. It purchased M/s Y and Z for Rs. 25,000 on the basis of the following :—

| <i>Liabilities</i> | Rs. | <i>Assets</i> | Rs. |
|-----------------------|-----------------|----------------------------|-----------------|
| Capital (X and Y) ... | 2,20,000 | Land and Buildings ... | 60,000 |
| Creditors ... | 80,000 | Plant and Machinery ... | 1,20,000 |
| Bills Payable ... | 19,000 | Furniture and Fixtures ... | 10,000 |
| | | Stock ... | 70,000 |
| | | Debtors ... | 50,000 |
| | | Bills Receivables ... | 5,000 |
| | | Cash and Bank ... | 4,000 |
| | <u>3,19,000</u> | | <u>3,19,000</u> |

The purchase consideration was settled by the payment of Rs. 50,000 in fully paid equity shares, Rs. 50,000 in fully paid preference shares, Rs. 50,000 in fully paid debentures and the balance in cash. The remaining others were offered to the public payable Rs. 2 per share on application. Rs. 3 on allotment and Rs. 4 on first call and were taken up and paid for. The vendors were duly paid the purchase consideration. Show the entries and the Balance Sheet in the books of X Ltd.

17. Explain various methods of valuing human resources assets.

(2 × 6 = 12 weightage)