

C83762

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Name..... **36** .....

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 ...	27,0
Outstanding bills ...	70,000	Stock ...	83,0
		Sundry debtors ...	1,50,0
		Loans and advances ...	15,0
		Cash balance ...	30,0
	<u>7,85,000</u>		<u>7,85,0</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 share in 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 5% 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 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	H Ltd.		S Ltd.		Assets	H Ltd.		S Ltd.	
	Rs.	Rs.	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 <sup>st</sup> 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 31<sup>st</sup> March, 2012 were as follows :

Liabilities	H Ltd.		S Ltd.		Assets	H Ltd.		S Ltd.	
	Rs.	Rs.	Rs.	Rs.		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 1<sup>st</sup> 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 31<sup>st</sup> March, 2012 taking into consideration the fact that assets are to be taken at proper values.

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

Cash in hand	...	8
Stock in trade (estimated to produce Rs. 15,000)	...	20
Fixture and fittings (estimated to produce Rs. 2,100)	...	3
Plant and Machinery (estimated to produce Rs. 15,600)	...	14
Freehold land and buildings (estimated to produce Rs. 45,000)	...	30
Book debts (estimated to produce Rs. 5,200)	...	0
Unsecured creditors	...	70
Preferential creditors	...	5
Creditors fully secured (value of securities Rs. 11,000)	...	9
Creditors partly secured (value of securities Rs. 6,000)	...	10
Bank overdraft, secured by floating charge on all the assets of the Company	...	1
Equity share capital – 6,000 shares of Rs.10 each	...	60
10% debentures secured by floating charge on all the assets of the Company (interest paid to date)	...	5
11% preference share capital – 6,500 shares of Rs.10 each	...	65
Calls in arrears on equity shares (estimated to produce Rs. 1,000)	...	0

Make out statement of affairs as regards creditors and contributories.

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

(2 × 6 = 12 weight)