

15P242

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Name.....

Reg. No.....

SECOND SEMESTER M.Com. DEGREE EXAMINATION, JULY 2016

(CUCSS - PG)

CC15P MC2 C07 - ADVANCED CORPORATE ACCOUNTING

(2015 Admission)

Time: Three Hours

Maximum: 36 Weightage

Part-A

(Answer *all* the questions. Each question carries 1 Weightage)

1. What is Minority interest?
2. What is the basic difference between existing AS and IFRS?
3. State the meaning of the term address commission.
4. List the conditions for amalgamation in the nature of purchase.
5. What do you mean by deficiency/ surplus account?
6. What is capital profit?

(6 x 1 = 6 Weightage)

Part-B

(Answer *any six* questions. Each question carries 3 Weightage)

7. How are the final accounts of a firm prepared?
8. Explain the methods of valuation of Human asset.
9. What are the advantages and disadvantages to IFRS?
10. The book value of a piece of land was Rs. 15,000. Last year the company had revalued the assets to Rs. 13,000 and debited the loss as an expense to P & L. Now the land is worth Rs. 20,000. How will you account for revaluation in the current year?
11. Explain the steps involved in the preparation of the consolidated Profit and Loss Account.
12. XYZ company went into liquidation with the following liabilities :
Secured creditors Rs. 20,000 (securities realized Rs. 25,000)
Preferential creditors Rs. 600
Unsecured creditors Rs. 30,000, liquidators out of pocket expenses amounted to Rs. 252.

The liquidator is entitled to a remuneration of 3 % on the amount realized(including securities in the hands of creditors and 1 ½ per cent on the amount distributed to unsecured creditors). The various assets (excluding securities in the hands of secured creditors) realized Rs. 26,000.

Prepare the liquidator's account showing the compensation given to unsecured creditors.

13. From the following trial balance, extracted from the books of Kuttanad Farms, draw up the final accounts for the year ending 30th June 2012.

Debit Balances		Rs.	Credit Balances		Rs.	
Livestock	15000	23000	Sundry Creditors		2600	
Paddy	6000		Outstanding expenses		400	
Cattle feed	1000		Sales:			
Fertilizers	500		Livestock	4800		
Seeds	500		Paddy	42500		
Purchases:			Milk	25700	73000	
Livestock	3000		Capital Account		50300	
Cattle feed	10800					
Fertilizers	1600					
Seeds	500		15900			
Sundry Debtors			2100			
Repairs and maintenance			2200			
Farm machinery			15000			
Crop expenses			5400			
Livestock expenses			3800			
General expenses			3900			
Cash in hand			1500			
Cash at Bank			8500			
Land			45000			
			126300			126300

Additional information:

- 1) Closing stock : Live stock, Rs. 10000, Paddy, Rs.5000, Cattle feed Rs.600, Fertilizers Rs.400
- 2) The Proprietor has consumed the following items out of his farm output:

Milk	Rs.3000
Paddy	Rs. 500
- 3) Provide 10% depreciation on farm machinery.

14. The Modern Ltd. went into liquidation. Its assets realised Rs. 7,00,000 excluding amount realized by sale of securities held by the secured creditors. The following was the position.

Secured creditors (securities realized Rs. 80,000)	- 70,000
Preferential creditors	- 12,000
Unsecured creditors	- 2,80,000
Debentures having a floating charge on the assets of the company-	5,00,000
Liquidation expenses	- 10,000
Liquidator's remuneration	-15,000

Prepare Liquidators Final Statement.

(6 x 3 = 18 weightage)

Part-C

(Answer any *two* questions. Each question carries 6 weightage)

15. From the following information calculate the annual depreciation based on historical and replacement cost respectively and show the amount of backlog depreciation that should be provided.

Cost of plant	Rs. 20,000
Estimated life	4 Years
Residual value	Nil
Inflation factor	10 % p.a.

16. From the Balance Sheet and information given below, prepare consolidated balance sheet.

Balance sheet

Liabilities	H Ltd	S Ltd	Assets	H Ltd	S Ltd
Share Capital:			Sundry Assets	800000	120000
Rs.10 fully paid	1000000	200000	Stock	610000	240000
Profit & Loss A/c	400000	120000	Debtors	130000	170000
Reserve	100000	60000	Bills Receivable	10000	-
Creditors	200000	120000	Shares in S 15000 at cost	150000	-
Bills payable	-	30000			
	1700000	530000		1700000	530000

Additional information-

- i. All the profit of S has been earned since the shares were acquired by H, but there was already a Reserve of Rs.60000 at that date.
 - ii. The bills accepted by S, Rs.10000 are in favour of H.
 - iii. Sundry assets of S are undervalued by Rs.20000.
 - iv. The stock of H includes Rs.50000 bought from S at a profit to the latter of 25 per cent on cost.
17. Deva Ltd, and Asura Ltd, carrying on similar business agreed to amalgamate by transferring their undertakings to a new company, Devasura Ltd.
The balance sheets of the two companies as on the date of transfer were as follows:

Liabilities	Deva Ltd	Asura Ltd	Assets	Deva Ltd	Asura Ltd
Share capital			Land and Building	465000	255000
Equity shares of Rs.100 each	500000	300000	Plant and machinery	560000	358000
6% Preference share of Rs.100 each	500000	250000	Furniture & fittings	79000	34000
5% Debentures	-	40000	Stock	81500	52000
General Reserve	200000	70000	Debtors	56000	24600
Profit & Loss Account	115000	55000	Cash at Bank	87000	22500
Sundry Creditors	75000	35000	Cash in hand	6400	3900
			Prel. expenses	55100	
	1390000	750000		1390000	750000

The terms of agreement were as follows

- a) the purchase consideration consisted of:
 - i) the assumption of liabilities of both the companies: (ii) the discharge of the debentures in Asura Ltd, at a premium of 5% by Devasura Ltd, by the issue of 7% debentures: (iii) the issue of 10 equity shares of Rs.10 each at a premium of Rs.2 per share for each preference share held in both the companies: (iv) the issue of 10 equity shares of Rs.10 each at a premium of Rs.2 per share and Rs.22 in cash for each equity share in Deva Ltd, and 5 equity shares of Rs.10 each at a premium of Rs.2 per share and Rs.80 in each for every equity share in Asura Ltd.
- b) All the assets and liabilities of the two companies were taken over at their book values except that a provision @ 5% to be raised on debtors.

- c) In order to raise working capital and to pay the purchase consideration, Devasura Ltd decided to issue 30000 equity shares of Rs.10 each at a premium of Rs.2.50 per share.
- (i) Pass journal entries in the books of Deva Ltd, to close its accounts and
 - (ii) Show the opening Balance Sheet of Devasura Ltd assuming amalgamation has been due in the nature of purchase.

(2 x 6 = 12 weightage)
