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Name.....

Reg. No.....

**SECOND SEMESTER M.Com. DEGREE EXAMINATION, MAY-2017**

(Regular/Supplementary/Improvement)

(CUCSS - PG)

**CC15P MC2 C07 - ADVANCED CORPORATE ACCOUNTING**

(2015 Admission Onwards)

Time: Three Hours

Maximum:36 Weightage

**Part-A**(Answer *all* the questions. Each question carries 1 weightage)

1. What do you mean by cost of control?
2. What is Deficiency Account?
3. What is Capital Reduction Account?
4. What is address commission?
5. What do you mean by convergence of accounting standards?
6. What is Human Resource Accounting?

(6x1=6 weightage)

**Part-B**(Answer *any six* questions. Each question carries 3 weightage)

7. What are the benefits of IFRS?
8. Explain the different methods of calculating purchase consideration?
9. Explain the need for Inflation Accounting.
10. X Ltd. went into liquidation on 31-12-2015. The company's Balance Sheet as on that date was as under:

Liabilities	Rs.	Assets	Rs.
Equity capital (shares of Rs. 10)	1,00,000	Land & Buildings	60,000
8% Debentures	1,00,000	Plant and Machinery	80,000
Mortgage loan (secured on land and buildings)	50,000	Stock	40,000
Sundry creditors	80,000	Debtors	70,000
		Bank	5,000
		Profit and loss Account	75,000
<b>Total</b>	<b>3,30,000</b>	<b>Total</b>	<b>3,30,000</b>

The assets realized as follows: Land and Building Rs. 55,000; Plant and machinery Rs. 25,000; Stock Rs. 20,000. Half of the debtors were bad and the remaining realized 50% of book value. Preferential creditors amounted to Rs. 10,000 (included in creditors) and the liquidation expenses were Rs. 1,000. The liquidator is entitled to a commission of 3% on amount realized except cash and 2% on the amount paid to unsecured creditors.

Prepare the Liquidator's Final Statement of Account.

11. Compute the monetary gain of A Ltd. As on 31-12-2015 from the following information:

	1.01.2015	31.12.2015
	Rs.	Rs.
Cash	20,000	20,000
Sundry debtors	31,000	35,000
Sundry creditors	40,000	45,000
Loan	20,000	25,000
Retail price index	300	400
Average price index - 250		



12. M. Co. Ltd. went into liquidation on 1.3.2015. The following are extracted from its books on that date:

Liabilities	Rs.	Assets	Rs.
Capital:	5,00,000	Building	1,50,000
50,000 shares of Rs. 10 each		Plant and Machinery	2,10,000
10% Debentures (secured by a floating charge)	2,00,000	Stock	95,000
Bank Overdraft	30,000	Debtors	65,000
creditors	40,000	Calls in arrear	1,00,000
		Cash in hand	10,000
		Profit & Loss account	1,40,000
<b>Total</b>	<b>7,70,000</b>	<b>Total</b>	<b>7,70,000</b>

Plant and Machinery and Building are valued at Rs. 1, 50,000 and Rs. 1, 20,000, respectively. Stocks are expected to realize Rs. 50,000 and Book-Debts will realize Rs. 70,000. Calls-in- arrear are expected to realize 90%. Preferential Creditors for taxes and wages are Rs. 6,000 and Miscellaneous Expenses outstanding Rs. 2,000.

Prepare a Statement of Affairs as regards creditors and contributories.

13. The Balance Sheet of Surya Ltd. as on 31<sup>st</sup> March, 2015 stood as under:

Liabilities	Rs.	Assets	Rs.
Equity capital (Rs. 10)	8,00,000	Freehold Premises	10,00,000
10% Preference capital (Rs. 100)	5,00,000	Plant and Machinery	7,25,000
General reserve	1,50,000	Investments	4,00,000
12% Debentures	6,00,000	Stock	1,50,000
Current liabilities	3,50,000	Debtors	75,000
		Bank	50,000
<b>Total</b>	<b>24,00,000</b>	<b>Total</b>	<b>24,00,000</b>

Chandra Ltd agreed to take over the assets and liabilities of Surya Ltd. as per the following terms and conditions:

- i) Chandra Ltd. to issue 5 equity shares of Rs. 10 each for every 4 shares of Surya Ltd.
  - ii) Preference shareholders are to be discharged at a premium of 10% by issuing 12% preference shares of Rs. 100 each.
  - iii) 12% debentures to be discharged at a premium of 15% by issuing 12% debentures of Chandra Ltd.
- Prepare ledger accounts in the books of Surya Ltd.

14. India Shipping Company had a ship by name Seapearl, whose written down value as on 1st July 2015 was Rs 24 lakhs. The ship was insured for Rs. 30 lakhs at 1% for voyage policy of hull. The ship made a trip to Sydney and returned to Madras during the period 1st July 2015 to 30th Sept. 2015.

The particulars relating to the voyage are given below:

1. Expenses incurred:	
Salaries of the crew	Rs. 25,000
Fuel	55,000
Port dues	30,000
Stores expenses	32,000
Share of Overheads	16,000



2. Stevedoring at the rate of Rs. 3 per tonne.
3. Depreciation was charged on the written down value of the ship at the rate of 10% p.a.
4. The freight was insured at 1%.
5. The particulars of the freight consisted of the following:
  - (a) Leather goods 1,100 tonnes at the rate of Rs. 120 per tonne.
  - (b) Cotton 500 tonnes at the rate of Rs. 150 per tonne.
  - (c) Sugar 1,700 tonnes at the rate of Rs. 100 per tonne.
6. In addition to primage @ 10%, the brokerage payable was @ 5%.  
Prepare Voyage Account for the three months.

(6 x 3 = 18 weightage)

**Part-C**

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

15. The following are summarized Balance Sheets of 'X' Ltd. and 'Y' Ltd. as on 31st December 2010:

Balance Sheet as on 31st December 2015 (Amount in Rs.)

Liabilities	X Ltd.	Y Ltd.	Assets	X Ltd.	Y Ltd.
Share capital:					
Shares of Rs. 100 each fully paid	10,00,000	3,00,000	Freehold premises	4,50,000	1,20,000
General reserve	4,00,000	1,25,000	Plant & Machinery	3,50,000	1,60,000
Profit and Loss A/c	3,00,000	1,75,000	Furniture	80,000	30,000
Sundry Creditors	1,00,000	70,000	Debtors	3,00,000	1,70,000
			Stock	3,20,000	1,60,000
			Investment(2000 Shares in Y Ltd. at cost)	2,60,000	-
			Cash balance	40,000	30,000
<b>Total</b>	<b>18,00,000</b>	<b>6,70,000</b>	<b>Total</b>	<b>18,00,000</b>	<b>6,70,000</b>

You are required to prepare the consolidated Balance Sheet as on 31st December 2015. Showing in detail necessary adjustments and taking into consideration the following information

- a) 'X' Ltd. acquired the shares of Y Ltd. on 1.1.2015 when the balance on their profit and Loss account and general reserve were Rs. 75000 and Rs. 80000 respectively.
- b) Stock of Rs. 1,60,000 held by 'Y' Ltd. consists of Rs. 60,000 goods purchased from 'X' Ltd. who has charged profit at 25% on cost.
- c) Included in Debtors of X Ltd. Rs. 30000 due from Y Ltd.

16. The Balance Sheet of Fortune Ltd. as at 31.12.2015 was as follows:

Balance Sheet as on 31.12.2015

Liabilities	Rs.	Assets	Rs.
20,000 Equity Shares of Rs 10 each	2,00,000	Patents and Trade Marks	40,000
25,000 10% Pref. Shares of Rs 10 each fully paid up	2,50,000	Building	1,10,000
Capital Reserve	12,500	Plant and Machinery	1,30,000



10% Debentures of Rs. 100 each	1,00,000	Furniture and Fixtures	25,000
Accrued Interest on Debentures	15,000	Stock in trade	50,000
Sundry Creditors	77,500	Sundry Debtors	35,000
		Bank Cash	36,250
		Profit and Loss A/c	2,28,750
<b>Total</b>	<b>6,55,000</b>	<b>Total</b>	<b>6,55,000</b>

It is found that the Preference Dividend is in arrear for 3 years. The company prepared the following scheme of reconstruction and it was approved by the Court:

- The 10% Preference Shares will be converted into 12% Preference Shares of Rs 5 each.
- The Equity Shares will be reduced to Rs 5 per share, Rs 3 paid-up. The call was to be made immediately for acquiring cash.
- 10% Debentures will be converted into 12% Debentures of Rs 75 each, the debenture holders agreed to forego 50% of the accrued interest on the stipulation of payment of the balance amount in cash.
- Arrear preference dividend was agreed to be cancelled.
- Sundry creditors agree to waive 40% of their claims in consideration of immediate payment of their dues.
- The assets were revalued: Building Rs 1,40,000; Plant and machinery Rs 1,20,000; Furniture Rs 38,000; Stock-in-trade Rs 50,000; Sundry Debtors Rs 30,000.
- Patents and Trade Marks and other fictitious assets are to be written-off as far as possible.

Drafts Journal Entries necessary to give effect to the aforesaid scheme and prepare the Balance Sheet. Detailed workings are to be shown.

17. Moon Ltd. went into voluntary liquidation on 1.3.2015 and Sri. Rajesh was appointed as the liquidator. The following are extracted from its books on that date:

Liabilities	Rs.	Assets	Rs.
Capital: 24,000 shares of Rs. 5 each	1,20,000	Land and Building	60,000
10% Debentures	75,000	Plant and Machinery	45,000
Bank Overdraft	27,000	Stock	10,500
creditors	30,000	Debtors Rs. 90,000 less provision Rs. 15,000	75,000
		Calls in arrear	7,500
		Cash in hand	1,500
		Profit & Loss account	52,500
<b>Total</b>	<b>2,52,000</b>	<b>Total</b>	<b>2,52,000</b>

Plant and Machinery is valued at Rs. 90,000, Land and Building at Rs. 1,09,000 and Stock at Rs. 9,000. Bad debts are Rs. 3,000 and the doubtful debts are Rs. 6,000 which are expected to realize Rs. 3,000. The Bank Overdraft is secured against Land and Buildings. Preferential creditors for taxes and wages are Rs. 1,500 and Telephone Rent outstanding is Rs. 120. Prepare a Statement of Affairs to be submitted to the meeting of creditors.

(2 x 6 = 12 weightage)

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