

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 x 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

<i>Liabilities</i>	H Ltd.	S Ltd.	<i>Assets</i>	H Ltd.	S Ltd.
	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 **II** 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 :

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

<i>Liabilities</i>	H Ltd.	S Ltd.	<i>Assets</i>	H Ltd.	S Ltd.
	Rs.	Rs.		Rs.	Rs.
Share Capital :			Land and Building ...	3,10,000	1,60,000
Rs.10 shares each			Machinery less		
fully paid ...	10,00,000	4,00,000	10% depreciation ...	2,70,000	1,35,000
10% Preference share					
of Rs.100 each		1,00,000			
General reserve ...	1,00,000	50,000	Sundry Debtors	1,55,000	90,000
Profit and Loss					
account (1.4.11)	40,000	30,000	Bank balance ...	85,000	1,95,000
Profit for 2011 – 2012	2,00,000	80,000	Stock ...	2,20,000	1,50,000
Sundry Creditors	1,50,000	70,000	Investment in 3,000		
			shares of S Ltd. ...	4,50,000	
	<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 x 6 = 12 **weightage**)