

(Pages : 6)

Name.....

Reg. No.....

SECOND SEMESTER M.Com. DEGREE EXAMINATION, JUNE 2016

(CUCSS)

MC 2C 07—ADVANCED CORPORATE ACCOUNTING

(2015 Admissions)

Time : Three Hours

Maximum : 36 Weightage

Part A

Answer all questions.

Each question carries 1 weightage.

1. What are the benefits of Accounting Standards ?
2. Give the meaning of Subsidiary Company.
3. Define Absorption.
4. How are the Farm accounts prepared ?
5. Define Human Resource Management.
6. Write note on Voluntary Winding up.

(6 × 1 = 6 weightage)

Part B

Answer any six questions.

Each question carries 3 weightage.

7. How are 'Inventories' defined in AS-2, valuation of Inventories ?
8. What is 'Holding Company' ? Why does a company become a 'Holding Company' ?
9. Explain the various 'Cost Based Method' of valuing Human Resources.
10. What are the Merits and Demerits of Human Resource Accounting ? Explain.

Turn over

11. The following particulars relate to a limited company which went into voluntary liquidation :

Particulars	Rs.
Preferential creditors	25,000
Unsecured creditors	58,000
6% Debentures	30,000

The assets realized Rs. 80,000. The expenses of liquidation amounted to Rs. 1,500 and the liquidator's remuneration was agreed at 2.5 % on the amount realized and 2 % on the amount paid to unsecured creditors including preferential creditors.

Show the Liquidator's Final Statement of Account.

12. The following scheme of reconstruction has been approved for Divya Ltd :—

- (i) The shareholders receive in lieu of their present holding of 60,000 shares of Rs. 10 each fully paid the following :
 - (a) Fully paid new equity shares equal to $\frac{1}{3}$ rd of their holding.
 - (b) 8 % preference shares fully paid, to the extent of $\frac{1}{5}$ th of the above new equity shares.
 - (c) Rs. 60,000, 8 % secured debentures.
- (ii) The debenture holder's total claim of Rs. 75,000 to be reduced to Rs. 25,000. This will be satisfied by the issue of 2,500, 8 % preference shares of Rs. 10 each fully paid.
- (iii) An issue of Rs. 50,000, 6 % first debentures was made and allotted, payment for the same having been received in cash.
- (iv) The Goodwill which stood at Rs. 3,00,000 was made written down to Rs. 50,000. Plant and Machinery which stood at Rs. 1,00,000 was made written down to Rs. 75,000.

(v) The freehold premises which stood at Rs. 1,75,000 was made written down to Rs.75,000.

Give journal entries in the books of Divya Ltd. for the above reconstruction scheme.

13. The Balance Sheet of C Ltd. and D Ltd. as at 31st December, 2010 are as follows :

<i>Liabilities</i>	<i>C Ltd.</i>	<i>D Ltd.</i>	<i>Assets</i>	<i>C Ltd.</i>	<i>D Ltd.</i>
	(Rs.)	(Rs.)		(Rs.)	(Rs.)
Share capital in shares of			Sundry assets	1,32,500	1,38,200
Rs. 10 each	2,00,000	1,00,000	Goodwill	—	20,000
General reserve	18,000	20,000	Shares in D Ltd.		
Profit and Loss Account	24,500	23,000	at cost	1,40,000	—
Creditors	30,000	15,200			
	2,72,500	1,58,200		2,72,500	1,58,200

In the case of 'D' Ltd., profit for the year ended 31st December 2010 is Rs. 12,000 and transfer to reserve is Rs. 5,000. The holding of C Ltd. in D Ltd. is 90 % acquired on 30th June 2010.

Draft a Consolidated Balance Sheet of 'C' Ltd. and its subsidiary.

14. M Co. Ltd., is studying the possible acquisition of N Co. Ltd. by way of merger. The following data are available in respect of the companies :

Particulars	M.Co. Ltd.	N Co. Ltd.
Earnings after Tax (Rs.)	80,00,000	24,00,000
No. of Equity Shares	16,00,000	4,00,000
Market value per Share (Rs.)	200	160

Turn over

- (i) If the merger goes through by exchange of equity and the exchange ratio is based on the current market price, what is the new earning per share for M Co. Ltd. ?
- (ii) N Co. Ltd. wants to be sure that the earnings available to its shareholders will not be diminished by the merger. What should be the exchange ratio in that case ?

(6 × 3 = 18 weightage)

Part C

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

15. Explain briefly any five Indian Accounting Standards.
16. On 1st March, 2013 the balance sheet of H Ltd. and its subsidiary S Ltd. stood as follows :

<i>Liabilities</i>	<i>H Ltd</i>	<i>S Ltd</i>	<i>Assets</i>	<i>H Ltd</i>	<i>S Ltd</i>
	(Rs.)	(Rs.)		(Rs.)	(Rs.)
Equity Share capital	8,00,000	2,00,000	Fixed assets	5,50,000	1,00,000
General reserve	1,50,000	70,000	75 % Shares in S Ltd. at cost	2,80,000	
Profit and Loss A/c	90,000	55,000	Stock	1,05,000	1,77,000
Creditors	1,20,000	80,000	Other current assets	2,25,000	1,28,000
	11,60,000	4,05,000		11,60,000	4,05,000

Draw a consolidated balance sheet as at 31st March, 2013 after taking into consideration the following information :

(i) H Ltd. acquired the share on 31st July, 2012.

(ii) S Ltd. earned profit of Rs. 45,000 for the year ended 31st March, 2013.

(iii) In January 2013 S Ltd. sold to H Ltd. goods costing Rs. 15,000 for Rs. 20,000. On 31st March, 2013 half of these goods were lying as unsold in the godown of H Ltd.

Draft a Consolidated Balance Sheet of 'H' Ltd. and its subsidiary. Give your working notes.

17. A company went into voluntary liquidation on 31.03.2013 : when the following balance sheet was prepared :

<i>Liabilities</i>	Rs.	<i>Assets</i>	Rs.
Authorised capital :		Goodwill	6,960
4,000 shares of Rs. 10 each	40,000	Freehold property	5,000
Issued capital :		Machinery	7,480
3,000 shares of Rs. 10 each	30,000	Stock	11,710
Unsecured creditors	15,432	Debtors	9,244
Partly unsecured creditors	5,836	Cash	100
Preferential creditors	810	Profit and Loss Account	11,816
Bank overdraft (unsecured)	232		
	52,310		52,310

Turn over

The liquidator realized the assets as follows :

Freehold property which was used in the first instance to pay the partly secured creditors pro-rata Rs. 3,600 ; Machinery Rs. 5,000 ; Stock Rs. 6,200 ; Debtors Rs. 8,700 ; Cash Rs. 100.

The expenses of liquidation amounted to Rs. 100 and the liquidator's remuneration was agreed at 2.5% on the amount realized including cash and 2 % on the amount paid to unsecured creditors.

Prepare the Liquidator's final statement of account.

(2 x 6 = 12 weightage)

LIQUIDATOR'S FINAL STATEMENT OF ACCOUNT	
Particulars	Rs.
Freehold property	3,600
Machinery	5,000
Stock	6,200
Debtors	8,700
Cash	100
Total	23,600
Expenses of liquidation	(100)
Liquidator's remuneration	(590)
Total	22,910