

SECOND SEMESTER M.Com. DEGREE EXAMINATION, JUNE 2017

(CUCSS—PG)

MC 2C 7—ADVANCED CORPORATE ACCOUNTING

(2015 Admissions)

Time : Three Hours

Maximum : 36 Weightage

Part A*Answer all questions.**Each question carries 1 weightage.*

1. Define Accounting Standards ?
2. Write a short on Holding company.
3. What is the term 'Purchase Consideration' ?
4. Mention the special features of Farm Accounting.
5. What is Human Resource Accounting ?
6. Write a short note on Minority Interest ?

(6 × 1 = 6 weightage)

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

7. What are the operating activities in relation to AS-3' Cashflow Statement' ?
8. Describe the method of preparing 'Consolidated Profit and Loss Account'.
9. Explain briefly various provisions of accounting standard for amalgamation, AS-14.
10. Explain the different 'Value Based Methods' of valuing human resources.
11. A liquidator is entitled to receive remuneration @ 2% of the-assets realized and 3% on the amount distributed among the unsecured creditors. The assets realized Rs.70,00,000 against which payment was made as follows :

Liquidation expenses Rs. 50,000

Preferential creditors Rs. 1,50,000 ; and

Secured creditors Rs. 40,00,000 ; unsecured creditors Rs. 30,00,000

Calculate the total remuneration payable to the Liquidator.

Turn over

12. The balance sheet of Chitra Ltd. And Divya Ltd. as at 31st December, 2011 are as follows :

Liabilities	Chitra Ltd (Rs.)	Divya Ltd (Rs.)	Assets	Chitra Ltd (Rs.)	Divya Ltd (Rs.)
Share capital in shares of Rs.10 each	2,00,000	1,00,000	Sundry assets	1,32,500	1,38,200
General reserve	18,000	20,000	Goodwill	—	20,000
Profit and Loss A/c	24,500	23,000	Shares in Divya Ltd. 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 'Divya' Ltd., profit for the year ended 31st December 2011 is Rs. 12,000 and transfer to reserve is Rs. 5,000. The holding of Chitra Ltd. in Divya Ltd. is 90% acquired on 30th June 2011.

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

13. From the information given below, prepare a "Crop account" to ascertain the gross margin made by this division of the farm :

Particulars	Rs.
Opening stock :	
Grain	... 3,000
Seed and fertilizers	... 2,000
Purchases :	
Seeds fertilizers	... 500
Sales of grain	... 1,500
Grain distributed as wages	... 15,000
Wages paid in cash	... 2,000
Grain consumed by the proprietor	... 3,000
Grain consumed by the live stock section	... 1,500
Repairs and maintenance of farm machinery	... 1,200
Depreciation on farm machinery	... 300
Crop insurance	... 500
Closing stock :	
Grain	... 6,000
Seeds and fertilizers	... 3,000

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

- (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 in detail the provisions of AS-I "Disclosure of Accounting Policies".
16. The following are the Balance Sheets of A Ltd. and B Ltd. as at 31st December 2013 :

Liabilities	A Ltd (Rs.)	B Ltd (Rs.)	Assets	A Ltd (Rs.)	B Ltd (Rs.)
Equity share capital of Rs. 10 each	1,00,000	50,000	Sundry assets	66,250	69,100
Revenue Reserves	9,000	10,000	Share in B Ltd at cost	70,000	--
Profit and Loss A/c 1.7.2013	8,500	8,000	Goodwill	--	10,000
Profit for the year less transfer to reserves	3,750	3,500			
Creditors	15,000	7,600			
	1,36,250	79,100		1,36,250	79,100

Turn over

Profit for the year of B Ltd. was Rs.6,000 out of which Rs. 2,500 was transferred to reserves.

The holding of A Ltd. in B Ltd. is 90% acquired a year ago on 31.12.2012.

Written off from sundry assets of A Ltd. Rs.9,000. Also write off Rs.3,100 from the sundry assets of B Ltd. out of the year's profit.

Draft a Consolidated Balance Sheet of A Ltd. and its subsidiary.

17. The capital of Henry Ford company Ltd. which went into liquidation was as follows :

- (i) 4,000 equity shares of Rs.100 each, fully paid.
- (ii) 3,000 equity shares of Rs.100 each, Rs. 80 per share paid up.
- (iii) 1,000 preference share of Rs.100 each fully paid (these have preference in the repayment of capital).
- (iv) 1,000 deferred shares of Rs. 100, Rs. 80 per share paid up (these to be repaid only after satisfying the claims of equity shareholders).
- (v) The various creditors amounted in all to Rs. 1,00,000 including the liquidator's remuneration of Rs. 2,500. The liquidator made a call of the remaining Rs. 20 per share on the deferred shares which was paid in full.

He also realized all the assets amounting to Rs. 1,91,000.

A call of Rs.15 per share was made on the equity shares which were partly paid up. This was paid in full, with the exception of that on 100 shares which shares forfeit the right of refund of capital.

Prepare the Liquidator's account showing the return to the shareholders.

(2 × 6 = 12 weightage)