



Reg. No. :

Name :

First Semester M.Com. Degree Examination, February 2019
Paper – V : CO 215 – ADVANCED CORPORATE ACCOUNTING
(2014 Admission – 2017 Admission)

Time : 3 Hours

Max. Marks : 75

SECTION – A

Answer **all** questions. **Each** question carries **2** marks.

1. What is IFRS ?
2. What are the objectives of financial reporting ?
3. What is a Consolidated Balance Sheet ?
4. What is meant by 'cost of control' ?
5. What is super profit ?
6. State the widely applied methods for valuation of shares.
7. What is memorandum trading account ?
8. What is the significance of 'average clause' in loss of stock policy ?
9. Who is a 'contributory' ?
10. What is deficiency account ?

(10×2=20 Marks)

SECTION – B

Answer **any five** questions. **Each** question carries **5** marks.

11. What are the advantages and disadvantages of accounting standards ?
12. What is meant by holding company ? What are their advantages ?
13. What are the main factors affecting the value of goodwill ?
14. What are the different purposes of maintaining investment ledger ?
15. Describe different modes of winding up.
16. A trader took out a fire policy covering his stock for Rs. 1,50,000. His practice was to fix selling price at cost plus $33\frac{1}{3}\%$. He closes his books on 31st March every year. On 31st December, 2016 a fire occurred in the business and destroyed the stock. The salvaged stock was worth Rs. 60,000. During the period of 9 months preceding the fire his purchases amounted to Rs. 6,20,000 and sales Rs. 8,40,000. His stock on 1st April, 2016 was valued at Rs. 2,00,000. On 30th December, 2016 goods costing Rs. 10,000 were given as samples for which no entries were made. Ascertain the amount of claim.





17. T Ltd. went into liquidation with the following liabilities

| | | |
|------------------------|--------------|------------------------------------|
| Secured creditors | Rs. 4,00,000 | (securities realized Rs. 5,00,000) |
| Preferential creditors | Rs. 12,000 | |
| Unsecured creditors | Rs. 6,10,000 | |
| Liquidation expenses | Rs. 5,000 | |

The liquidator is entitled for a remuneration of 3% on the amount realized (including securities in the hands of secured creditors) and 1½% on the amount distributed to unsecured creditors. The various assets (excluding the securities in the hands of the secured creditors) realized are Rs. 5,20,000. Prepare liquidator's statement of account.

18. From the following information, calculate the value of equity share using dividend yield method :

- The paid – up share capital of a company consists of 1,000, 15% preference shares of Rs. 100 each and 20,000 equity shares of Rs. 10/- each.
- The average annual profits of the company, after providing for depreciation and taxation amounted to Rs. 75,000. It is considered necessary to transfer Rs. 10,000 to General Reserve before declaring any dividend.
- The normal return expected by investors on equity shares from the type of business carried on by the company is 10%. **(5×5=25 Marks)**

SECTION – C

Answer **any two** questions. **Each** question carries **15** marks.

19. What is meant by 'Loss of Profit insurance' ? Explain the steps for ascertaining the amount of claim for loss of profit.

20. Following information was extracted from the books of a limited company on 31st December, 2015.

| | |
|--|----------|
| Equity share capital – 20,000 equity shares of Rs. 10 each, Rs 5 paid up | 1,00,000 |
| 8% Preference share capital 20,000 shares of Rs. 10 each fully paid | 2,00,000 |
| 9% First mortgage debentures secured by a floating charge on all assets | 1,50,000 |
| Fully secured creditors (value of securities Rs. 35,000) | 30,000 |
| Partly secured creditors (value of securities Rs. 10,000) | 20,000 |
| Preferential creditors | 6,000 |
| Bills payable | 1,00,000 |



| | | |
|---|--------------|----------|
| Unsecured creditors | | 70,000 |
| Bank overdraft | | 10,000 |
| Bills receivable in hand | | 15,000 |
| Bills discounted (a bill for Rs. 10,000 estimated to be bad) | | 30,000 |
| Investment (estimated to produce Rs. 35,000) deposited with secured creditors | | 50,000 |
| G P Notes (estimated to produce Rs. 10,000) deposited with partly secured creditors | | 15,000 |
| Trade receivable : | | |
| Good | 10,000 | |
| Doubtful (estimated to produce 50 Paise in the Rupee) | 7,000 | |
| Bad | <u>6,000</u> | 23,000 |
| Land and buildings (estimated to produce Rs. 1,00,000) | | 1,50,000 |
| Stock in trade (estimated to produce Rs. 40,000) | | 50,000 |
| Machinery (estimated to produce Rs. 2,000) | | 5,000 |
| Cash in hand | | 100 |

Prepare a statement of affairs as regards creditors and contributories.

21. Calicut Investments holds 400, 12% debentures of Rs. 100 each in Aleppy Ltd., as on April 1, 2016 at a cost of Rs. 50,000. Interest is payable on June 30 and December 31 each year. On June 1, 2016, 200 debentures are purchased cum interest at Rs. 21,400. On November 1, 2016, 300 debentures are sold ex-interest at Rs. 28,650. On November 30, 2016, 200 debentures are purchased ex-interest at Rs. 19,200. On December 31, 2016 300 debentures are sold cum-interest for Rs. 32,250.

Prepare the Investment A/c (applying the FIFO method). The debentures were quoted at par on March 31, 2017.





22. The following are the statements of financial position of Harison Ltd. and its subsidiary Smith Ltd. as on 31st March 2017.

| Particulars | Note no. | Harison Ltd. | Smith Ltd. |
|---|----------|---------------------|-------------------|
| I) Equity and Liabilities : | | | |
| 1) Shareholders funds | | | |
| a) Share capital | 1 | 15,00,000 | 6,00,000 |
| b) Reserves and Surplus | 2 | 4,80,000 | 2,37,000 |
| 2) Non-current liabilities | | | |
| 9% Debentures | | 5,00,000 | |
| 3) Current liabilities | | | |
| Trade payables | | 3,60,000 | 2,43,000 |
| | | 28,40,000 | 10,80,000 |
| II) Assets : | | | |
| 1) Non-current assets | | | |
| a) Fixed assets | | 14,00,000 | 4,20,000 |
| b) Non-current investments | 3 | 4,87,200 | |
| 2) Current assets | | | |
| Stock in trade | | 5,00,000 | 2,80,000 |
| Trade receivables | | 4,52,800 | 3,80,000 |
| | | 28,40,000 | 10,80,000 |
| Notes | | Harison Ltd. | Smith Ltd. |
| 1) Share capital | | | |
| Issued subscribed and paid up Equity shares of Rs. 10 each, fully paid up | | 15,00,000 | 6,00,000 |
| | | 15,00,000 | 6,00,000 |
| 2) Reserves and surplus | | | |
| General Reserve | | 3,00,000 | 1,32,000 |
| Surplus (P&L Account) | | 1,80,000 | 1,05,000 |
| | | 4,80,000 | 2,37,000 |
| 3) Non-current investments | | | |
| 36,000 shares of Rs. 10 each in Smith Ltd. at cost | | 4,87,200 | |
| | | 4,87,200 | |

Harison Ltd. acquired shares in Smith Ltd. on 1st April 2016 on which date General Reserve and Profit and Loss Account of Smith Ltd. showed a balance of Rs. 1,20,000 and Rs. 24,000 respectively. Prepare consolidated Balance Sheet.

(2×15=30 Marks)