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Reg. No. : .....

Name : .....

First Semester M.Com. Degree Examination, March 2018
Paper – V : CO 215 : ADVANCED CORPORATE ACCOUNTING
(2014 Admission Onwards)

Time : 3 Hours Max. Marks : 75

SECTION – A

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

1. What is IFRS convergence ?
2. What are the objectives of financial reporting ?
3. Define a subsidiary company.
4. What is meant by Minority Interest ?
5. What are the steps to be followed for calculating super profit ?
6. Distinguish between cum interest and ex interest.
7. What is meant by indemnity period ?
8. What is meant by insured standing charges ?
9. Describe various types of contributories.
10. What is surplus account ? **(10×2=20 Marks)**

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SECTION – B

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

11. What is meant by 'consequential loss insurance' ?
12. What is meant by holding company ? What are their advantages ?
13. What are the purposes of maintaining investment ledger ?
14. State the factors affecting the valuation of shares.
15. Explain preferential creditors.

P.T.O.

16. The following particulars are relating to the business of Jai Ltd.
    a) Profits earned for the years
       2014-15 Rs. 5,00,000
       2015-16 Rs. 6,00,000
       2016-17 Rs. 5,50,000
    b) Normal rate of return 10%
    c) Capital employed Rs. 30,00,000
    d) The profits included non-recurring profits on an average basis of Rs. 30,000 a year.

    Calculate the value of goodwill as per capitalization of super profit method.

17. A Ltd. went into voluntary liquidation. The following are the details.

Assets realized	40,000
Liquidators remuneration	5,000
Unsecured creditors	20,000

    Preference share capital is Rs. 20,000 (2,000 shares of Rs. 10 each). Equity share capital consists of
    a) 1,000 shares of Rs. 10 each, Rs. 9 called and paid up Rs. 9,000
    b) 2,000 shares of Rs. 10 each, Rs. 5 called and paid up Rs. 10,000
    You are required to prepare the Liquidators statement of a/c.

18. X Ltd. acquires 4000 shares of Rs. 10 each at Rs. 15 per share in Y Ltd. on 1st October, 2016. The issued share capital of Y Ltd. consists of 5,000 shares of Rs. 10 each. In 2017 Y Ltd. declares a dividend of 20% on its paid up capital for the year ending 31st December, 2016.
    The Profit and Loss account of Y Ltd. shows the following position.

Profit and Loss account (Balance on 1st January, 2016)	30,000
Profit for the year 2016	24,000

    Explain the treatment of this dividend in the books of X Ltd. if post acquisition profits are first used.

(5×5=25 Marks)

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SECTION – C

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

19. What is IFRS ? Discuss the benefits of IFRS convergence.

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

Equity share capital 40000 equity shares of Rs. 10 each, Rs. 5 paid up	2,00,000
9% Preference share capital 40,000 shares of Rs. 10 each fully paid	4,00,000
9.5% First mortgage debentures secured by a floating charge on all assets	3,00,000

Fully secured creditors (value of securities Rs. 70,000)		60,000
Partly secured creditors (value of securities Rs. 20,000)		40,000
Preferential creditors		12,000
Bills payable		1,00,000
Unsecured creditors		1,40,000
Bank overdraft		20,000
Bills receivable in hand		30,000
Bills discounted (a bill for Rs. 20,000 estimated to be bad)		60,000
Investment (estimated to produce Rs. 70,000) deposited with secured creditors		1,00,000
G P Notes (estimated to produce Rs. 20,000) deposited with partly secured creditors		30,000
Trade receivable :		
Good	20,000	
Doubtful (estimated to produce 50 Paise in the Rupee)	14,000	
Bad	10,000	44,000
Land and buildings (estimated to produce Rs. 2,00,000)		2,60,000
Stock in trade (estimated to produce Rs. 78,000)		1,05,000
Plant and Machinery (estimated to produce Rs. 5,000)		12,000
Cash in hand		2,200

Prepare a statement of affairs as regards creditors and contributories.

21. A fire occurred on 1st February, 2017 in the premises of ABC Ltd., a retail store and business was partially disorganized up to 30th June 2017. The company was insured under a loss of Profit for Rs. 1,25,000 with a six month period indemnity. From the following information, compute the amount of claim under the loss of profit policy.

Actual turnover from 1st February to 30th June 2017	80,000
Turnover from 1st February to 30th June 2016	2,00,000
Turnover from 1st February 2016 to 31st January 2017	4,50,000
Net profit for last financial year	70,000
Insured standing charges for last financial year	56,000
Total standing charges from last financial year	64,000
Turnover for the last financial year	4,20,000

The company incurred additional expenses amounting to Rs. 6,700 which reduced the loss in turnover. There was also a saving during the indemnity period of Rs. 2,450 in the insured standing charges as a result of the fire.

There had been a considerable increase in trade since the date of the last annual accounts and it has been agreed that adjustment of 15% be made in respect of the upward trend in turnover.

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

Particulars	Note no.	Hayson Ltd.	Samson 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

	Hayson Ltd.	Samson 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 and 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 Samson Ltd. at cost	4,87,200	
	4,87,200	

Hayson Ltd. acquired shares in Samson Ltd. on 1st April 2016 on which date General reserve and Profit and Loss account of Samson Ltd. showed a balance of Rs. 1,20,000 and Rs 24,000 respectively. Prepare consolidated statement of financial position.

(2×15=30 Marks)

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