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Reg. No. : .....

Name : .....

First Semester M.Com. Degree Examination, August 2021

Paper V: CO 215 ADVANCED CORPORATE ACCOUNTING AND REPORTING

(2018 Admission onwards)

Time : 3 Hours Max. Marks : 75

SECTION – A

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

1. What do you mean by lnternational Financial Reporting Standards?
2. What is the scope of IFRS?
3. What is holding company?
4. What do you mean by Revenue profit?
5. How do you value goodwill?
6. What do you mean by valuation of shares?
7. How do you calculate computation of fire claims?
8. Write short notes on loss of stock.
9. What do you understand by liquidation of a company?
10. What are the lists to be attached with statement of affairs?

(10 × 2 = 20 Marks)

P.T.O.

SECTION – B

Answer **any five** questions from the following. **Each** question carries **5** marks.

11. Explain briefly the scope of the different financial reporting standards.

12. What is meant by Consolidated Balance Sheet? How is it prepared?

13. Kumar, an investor, furnishes the following details relating to his holding in 6%

    Government Bonds:

    Opening balance - Nominal Rs. 60,000 cost Rs. 59,000.

    1.3.2008 100 units purchased ex-interest Rs. 98

    1.7.2008 Sold 200 units ex-interest out of the original holding at Rs.100

    1.10.2008 Purchased 50 units at Rs. 98 cum-interest

    1.11.2008 Sold 200 units ex-interest at Rs. 99 out of original holdings.

    Interest dates are 30th September and 31st March. Mr. Kumar closes his books every 31st December. Show the Investment Account as it would appear in his books.

14. The net profit of a business after providing for taxation for the past five years are: Rs. 80,000, Rs. 92,000, Rs. 85,000, Rs. 1,05,000 and Rs. 1,18,000. The capital employed in the business is Rs. 8,00,000. The normal rate of return expected in this type of business is 10%. It is expected that the company will be able to maintain is super profit for the next 5 Years.

    Calculate the value of goodwill on the basis of

    (a) 5 years' purchase of super profits methods.

    (b) Capitalizations of super profit method.

15. The following is the Balance Sheet of Sunlight Ltd. As at 31st December, 2008:

Liabilities	Rs.	Assets	Rs.
20,000 shares of Rs. 10 each	2,00,000	Land buildings	75,000
General Reserve	50,000	(Market value Rs. 1,50,000)	
Creditors	50,000	Plant and machinery	80,000
Workmen's savings account	50,000	(Market value of Rs. 1,00,000)	
Profit and loss account	25,000	Trade marks :	10,000
		(Market value Rs. 8,000)	
		Stock	1,00,000
		Debtors	54,000
		Investments	20,000
		Cash at bank	20,000
		Preliminary expenses	16,000
	3,75,000		3,75,000

Find out the intrinsic value of each share after taking into account the following facts:

	Rs.
Interest payable to creditors	1,000
Bad Debts amount to	2,000
Investments are worth	16,000

16. Explain the various methods of valuation of goodwill.

17. If the goods worth Rs. 18,00,000 is insured for Rs. 12,54,000 and the actual goods destroyed is Rs. 10,80,000. Calculate the amount of claim if there is an average clause.

18. The Gloomy Ltd. went into voluntary liquidation on 31-12-2017 on which date the dividend on the preference shares was in arrears for four years. The subscribed capital and the liabilities of the company were as follows:

(a) 5,000 5% Preference Shares of Rs. 100 each fully paid.

(b) 6,000 Equity Shares of Rs. 100 each fully paid.

(c) Creditors of Rs. 30,000.

The asset realized was Rs. 4,68,200. The expenses of liquidation came to Rs. 150. the liquidator is entitled to a remuneration of Rs. 12,000 and a commission at $3\frac{1}{2}$% on amounts paid to preference shareholders as capital and dividend and the creditors.

Prepare the Liquidator's Final Account.

(5 × 5 = 25 Marks)

SECTION – C

Answer **any two** questions from the following. **Each** question carries **15** marks.

19. A Ltd. purchased 40,000 shares of Re. 1 each in P. Ltd., on 30th September, 2018. The summarized Balance Sheets of A Ltd. and P. Ltd. on 31st December, 2018 were

Assets	A Ltd. Rs.	B Ltd. Rs.
Fixed assets	90,000	93,000
Stock	15,000	20,000
Debtors	30,000	40,000
Shares in P Ltd.	65,000	-
Bills Receivable	15,000	10,000
Cash at bank	5,000	3,000
	2,20,000	1,66,000

Liabilities		
Shares of Re. 1 each fully paid	1,00,000	50,000
Reserves	40,000	30,000
Creditors	60,000	60,000
Bills payable	10,000	8,000
Loan	-	10,000
Profit and loss a/c	10,000	8,000
	2,20,000	1,66,000

On 1.1.2018, Profit and Loss Account of P Ltd. showed a debit balance of Rs. 10,000. P. Ltd. made a transfer of Rs. 6,000 to Reserve on 31.12.2018. Creditors of A Ltd. included Rs. 10,000 for goods purchased on credit from P.Ltd. included in unsold stock A Ltd. Rs.8,000 sold by P.Ltd. at profit of 25% on cost. Bills Payable of P.Ltd. included Rs. 6,000 accepted in favour of A Ltd. Bills Receivable of A Ltd. included Rs. 5,000 receivable from P Ltd.

Prepare consolidated Balance Sheet.

20. The following is the Balance Sheet of the Bright Light Ltd. as at 31st December, 2016.

		Rs.		Rs.
Share capital :			Building at cost	1,60,000
Authorized and paid up 10,000			Furniture at cost	6,000
shares of Rs. 100 each fully paid		10,00,000	Investment in Government	
Reserve fund		3,00,000	Security at cost	7,60,000
Depreciation fund :	Rs.		Stock-in trade at market value	8,50,000
Building	20,000		Sundry Debtors-all	
Investments	90,000	1,10,000	considered good	6,50,000
Sundry creditors		96,000	Cash at bank	1,40,000
Reserve for Bad debts		40,000		
Profit and loss account	Rs.			
Balance on 31.12.2015	1,60,000			
Profit for the year	8,60,000	10,20,000		
		25,66,000		25,66,000

It is now ascertained that :

(a) The company's prospects for 2017 are equally goods.

(b) Profit for the past three years have shown an increase of Rs. 40,000 annually.

(c) The buildings are worth now Rs. 1,96,000 and furniture Rs. 10,000.

(d) Companies of similar nature are showing a profit earning capacity of 10 percent on the market value of the shares.

You are required to ascertain the fair value of each share showing in detail your calculations.

21. The X Ltd. went into voluntary liquidation on 31.12.2019. The balance sheet of the company on that data was as follows.

	Rs.		Rs.
Share capital :		Land and buildings	2,50,000
Authorized and subscribed		Machinery and plant	6,25,000
5,000 6% cumulative preference shares		Patents	1,00,000
of Rs. 100 each fully paid	5,00,000	Stock	1,37,500
2,500 equity shares of Rs. 100		Sundry debtors	2,75,000
each Rs. 75 paid	1,87,500	Cash at bank	75,000
7,500 equity shares of Rs. 100		Profit and loss account	3,00,000
each Rs. 60 paid	4,50,000		
5% mortgage Debentures	2,50,000		
Interest outstanding	12,500		
Creditors	3,62,500		
	17,62,500		17,62,500

The liquidator is entitled to a commission of 3% on all assets realized except cash and 2% on amounts distributed among unsecured creditors other than preferential creditors. Creditors include preferential creditors Rs. 37,500 and a loan for Rs. 1,25,000 secured by a mortgage on land and buildings. The preference dividends were in arrears for two years. The assets realized as follows.

	Rs.
Land and buildings	3,00,000
Machinery and plant	5,00,000
Patents	75,000
Stock	1,50,000
Sundry debtors	2,00,000

The expenses of liquidation amounted to Rs. 27,250

Prepare the Liquidator's Final Statement of Account.

22. Critically analyse the role of educational framework in support of implementation of financial reporting standards.

(2 × 15 = 30 Marks)

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