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S – 6376

Reg. No. :

Name :

First Semester M.Com. Degree Examination, April 2024

CO 215 : ADVANCED CORPORATE ACCOUNTING AND REPORTING

(2018 Admission Onwards)

Time : 3 Hours

Max. Marks : 75

SECTION – A

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

1. What is meant by IFRS?
2. Write in detail about AS 3 Cash Flow Statements.
3. What is Reinsurance?
4. What is meant by Average clause?
5. Define a holding company.
6. What do you mean by Minority Interest?
7. What is Amalgamation?
8. Define Purchase Consideration.
9. State the modes of winding up of a company.
10. Define Contributory.

(10 × 2 = 20 Marks)

P.T.O.



SECTION – B

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

11. Discuss the specific features of AS 21.
12. Elaborate the various methods of calculating purchase consideration.
13. A fire occurred on 25th April, 2021 in the premises of a company. From the following particulars ascertain the amount of claim to be lodged in case of the loss of stock which was insured.
 Stock on 1.1.2021 – Rs. 1,25,000
 Purchases from 1.1.2021 to date of fire – Rs. 5,00,000
 Wages – Rs.1,00,000
 Manufacturing Expenses – Rs. 50,000
 Sales from 1.1.2021 to date of fire – Rs. 7,50,000
 The gross profit ratio is 15%. The stock salvaged was estimated at Rs.37,500.

14. The summarised Balance Sheets of Gery Ltd and Reny Ltd as on March 31 were as follows:

	Gery Ltd	Reny Ltd		Gery Ltd	Reny Ltd
Issued Share Capital :			Good will	–	60,000
Shares of Rs.10 each	4,00,000	3,00,000	Fixed Assets		
Creditors	40,000	1,20,000	Less Depreciation	3,00,000	1,20,000
Profit and Loss account	70,000	–	Current assets	2,10,000	1,40,000
			Profit and Loss account	–	1,00,000
	5,10,000	4,20,000		5,10,000	4,20,000

Gery Ltd, resolved to take over the business of Reny Ltd, with effect from April 1. The shareholders of the latter company agreed to accept shares in the former company on the basis that the shares of Gery Ltd, were worth Rs. 12 each and the shares of Reny Ltd, were worth Rs. 5 each. The purchasing company took over the fixed assets of Reny Ltd together with the current assets and were not required to pay the liabilities.

Assuming the necessary formalities were carried out, make entries in the books of Gery Ltd. and draw up its Balance Sheet immediately after the merger.



15. Fire occurred in the premises of Gharib Dass on 1st April, 1979 and a considerable part of the stock was destroyed. The stock salvaged was Rs. 56,000. A fire insurance policy for Rs. 3, 42,000 was take to cover loss of stock by fire. You are required to ascertain the insurance claim which the company should claim from the insurance company for the loss of stock by the fire from the following particulars:

	Rs.
Purchases for the year 1978	18,76,000
Sales for the year 1978	23,20,000
Purchases form 1 st Jan 1979 to 1 st April 1979	3, 64,000
Sales from 1 st Jan, 1979 to 1 st April 1979	4,80,000
Stock on 1 st Jan, 1978	2,88,000
Stock on 31 st Dec 1978	4,84,000
Wages paid during the year 1978	2,00,000
Wages paid during 1 st Jan, 1979 to 1 st April 1979	36,000

Fire also broke out on 21st Dec, 1978 and destroyed stock of the estimated cost of Rs. 1,00,000. There was a practice in the concern to value stock at cost less 10% but all of a sudden this practice was changed and stock on 31st Dec, 1978 was valued at cost plus 10%.

16. Balance sheet of Bubble Ltd as on December 31, 2021.

Liabilities	Rs.	Assets	Rs.
Share Capital:		Land and Building	25,000
8,000 preference shares of Rs.10 each	80,000	Other fixed assets	2,00,000
12,000 equity shares of Rs.10 each	1,20,000	Stock	5,25,000
Bank Loan	4,00,000	Debtors	1,00,000
8% debentures	1,00,000	Profit and Loss Account	58,000
Interest outstanding on Debentures	8,000		
Creditors	2,00,000		
	9,08,000		9,08,000



The company went into liquidation on that date. Prepare the Liquidator's Statement of Account after taking into account the following:

- Liquidation expenses and liquidator's remuneration amounted to Rs. 3,000 and Rs. 10,000 respectively
- Bank loan was secured by pledge of stock
- Debentures and interest there on are secured by a floating charge on all assets
- Fixed assets were realised at book values and current assets at 80% of book values.

17. Balance sheet of S Ltd as on December 31, 2021

Liabilities		Rs.	Assets		Rs.
Share Capital:			Land and Building		5,00,000
50,000 shares of Rs. 10 each		5,00,000	Machinery		3,00,000
General Reserve as on			Current Assets		2,00,000
Jan 1, 2021		2,00,000			
Profit and Loss Account	1,50,000				
Add: Profit for '21	<u>50,000</u>	2,00,000			
Creditors		1,00,000			
		<u>10,00,000</u>			<u>10,00,000</u>

H Ltd acquired 40,000 shares of S Ltd on July 1, 2021 at Rs. 7,80,000 H Ltd, valued the machinery at Rs. 2,50,000 and current assets at Rs.2,75,000. Calculate the minority interest.

18. The following are the liabilities and assets of the holding company H Ltd. and its subsidiary S Ltd. as on 31st December 2014:

Liabilities	H Ltd. Rs.	S Ltd. Rs.	Assets	H Ltd. Rs.	S Ltd. Rs.
Share Capital:			Sundry Assets	2,60,000	2,40,000
Shares of Rs .10 each	4,00,000	2,00,000	Investments: 20000 shares in S Ltd.	3,00,000	
Profit and Loss Account	80,000	20,000			
General Reserve	40,000	16,000			
Current Liabilities	<u>40,000</u>	<u>4,000</u>			
	<u>5,60,000</u>	<u>2,40,000</u>		<u>5,60,000</u>	<u>2,40,000</u>

H Ltd. acquired the shares of S Ltd. on 31st December 2014. Prepare the consolidated Balance Sheet.

(5 × 5 = 25 Marks)



SECTION – C

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

19. Explain the role and objectives of International Accounting Standards Board (IASB).
20. Discuss the list of IFRS.
21. The following are the balance sheets of Sun Ltd and Moon Ltd as on December 31, 2020.

Liabilities	Sun Ltd.	Moon Ltd.	Assets	Sun Ltd.	Moon Ltd.
Share Capital			Fixed Assets	1,95,000	70,000
Shares of Rs.10	2,00,000	50,000	Investments :		
General Reserve	50,000	20,000	Shares in Moon Ltd	60,000	–
Profit and Loss account balance (1.1.2020)	30,000	7,500	Debtors	35,000	25,000
Profit for the year 20	50,000	20,000	Other current assets	60,000	12,500
Creditors	20,000	10,000			
	<u>3,50,000</u>	<u>1,07,500</u>		<u>3,50,000</u>	<u>1,07,500</u>

Notes :

- (a) Sun Ltd purchased on July 1, 2020, 4,000 shares in Moon Ltd at Rs.15 each
- (b) Stock in Moon Ltd, includes Rs. 7,500, worth of goods purchased from Sun Ltd which company sells goods at 25% above cost.
- (c) Creditors of Moon Ltd include Rs. 5,000 due to Sun Ltd

Prepare a consolidated Balance Sheet as on December 31, 2020.



22. The Moon Co. Ltd and the Rising Star Co. Ltd have agreed to amalgamate. A new company Sunshine Co. Ltd has been formed to take over the combined concern as on 31st December, 2020. After negotiations, the assets of the two companies have been agreed as shown in the following balance sheets.

Moon Co. Ltd.			
Liabilities	Rs.	Assets	Rs.
Issued Capital:		Land and Buildings	5,00,000
1,00,000 equity shares of Rs.10 each fully paid up	10,00,000	Machinery and Plant	2,00,000
Sundry Creditors	80,000	Patents	1,10,000
Profit and Loss account	50,000	Stock	1,50,000
		Sundry Debtors	1,20,000
		Cash in Bank	<u>50,000</u>
	<u>11,30,000</u>		<u>11,30,000</u>

Rising Star Co. Ltd.			
Liabilities	Rs.	Assets	Rs.
Issued Capital:		Land and Buildings	3,00,000
50,000 equity shares of Rs.10 each fully paid up	5,00,000	Machinery and Plant	2,50,000
Sundry Creditors	50,000	Goodwill	50,000
Reserve Fund	50,000	Stock	20,000
Profit and Loss account	50,000	Sundry Debtors	20,000
		Cash in Bank	<u>10,000</u>
	<u>6,50,000</u>		<u>6,50,000</u>

Show how the amount payable to each company is arrived at and prepare the amalgamated balance sheet of the new company.

(2 × 15 = 30 Marks)

