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M – 4716

Reg. No. :

Name :

First Semester M.Com. Degree Examination, February 2022

SDE

Paper V : CO 215 ADVANCED CORPORATE ACCOUNTING

(2017 Admission Onwards)

Time : 3 Hours

Max. Marks : 75

SECTION – A

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

1. List any four IFRS.
2. What do you understand by IFRS Interpretations Committee?
3. Define a subsidiary company.
4. What is meant by post acquisition profit?
5. What is Right issue of Share?
6. What is yield method?
7. Who is a liquidator?
8. What is meant by deficiency or surplus account?
9. Reinsurance — what it is?
10. What is a surrender value?

(10 × 2 = 20 Marks)

P.T.O.

SECTION – B

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

11. The following are the balance sheets of H Ltd and S Ltd as at 31st March 2020

| Liabilities | H Ltd | S Ltd | Assets | H Ltd | S Ltd |
|--|----------|----------|--|----------|----------|
| Share Capital: Shares of Rs. 10 each | | | Sunday Assets 100% Shares in S Ltd | 4,70,000 | 2,60,000 |
| fully paid | 5,00,000 | 2,00,000 | | 2,10,000 | |
| Reserves | 1,00,000 | | | | |
| Creditors | 80,000 | 60,000 | | | |
| | 6,80,000 | 2,60,000 | | 6,80,000 | 2,60,000 |

Prepare a consolidated balance sheet as at 31 March 2020.

12. The authorised and paid up capital of a company consists of 1,000,5% preference shares of Rs.100 each and 20,000 equity shares of Rs. 15 each, all fully called up and paid up. A person holds 300 preference and 2,000 equity shares. Find out the value of equity shares held by the person assuming that the normal annual profit of the company is Rs. 40,000 and the normal annual return on similar equity shares is 8% per annum. Assume that the company transfers 25% of the profit to General Reserve and the profit given above is profit after tax.
13. KGR runs a chemist shop. His net assets on march 31, 2020, amount to Rs. 20,00,000. After paying rent of Rs. 15,000 a year to the landlord for premises valued at Rs. 1,00,000, salary of Rs.20,000 to the chemist, he earns a profit of Rs. 1.5 lakhs. His landlord, who incidentally is the chemist of the shop, is keen to purchase the shop. 12% is considered to be a reasonable return on capital employed for this type of business. What can KGR expect as payment for goodwill?
14. The following balances are extracted from the books of AB Life Insurance Corporation:
- | | |
|---------------------------------------|-------------------|
| Life Insurance Fund (as on 31.3.2020) | - Rs. 1,600 lakhs |
| Net Liabilities as per valuation | - Rs.1,200 lakhs |
| Interim Bonus Paid | - Rs. 150 lakhs. |
- You are required to show:
- The valuation Balance sheet as on 31.3.2020
 - The distribution statement.

15. XYZ company went into liquidation with the following liabilities

- (a) Secured Creditors Rs.20,000 (securities realised Rs.25,000)
- (b) Preferential Creditors Rs.600
- (c) Unsecured Creditors Rs.30,000, liquidators out of pocket expenses amounted to Rs. 252.

The liquidator is entitled to a remuneration of 3 per cent on the amounts realised including securities in the hands of creditors and $3\frac{1}{2}$ per cent on the amount distributed to unsecured creditors. The various assets (excluding securities in the hands of secured creditors) realised Rs.26,000. Prepare the liquidator's account showing the compensation given to unsecured creditors.

16. Explain the importance of IFRS

17. Write short note on the types and procedure of valuation of shares.

(5 × 5 = 25 Marks)

SECTION - C

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

18. Discuss the scope, advantages and disadvantages of IFRS.

19. The following particulars relate to A Ltd. Company which has gone into voluntary liquidation. You are required to prepare the liquidators final accounts, allowing for his remuneration at 2% on the amount realised and 2% on the amount distributed to unsecured creditors other than preferential:

Preferential Creditors - Rs. 10,000

Unsecured Creditors — Rs. 32,000

Debentures — Rs.10,000

The Assets realised are:

Land and Buildings — Rs.20,000

Plant and Machinery — Rs. 18,650

Furniture and fittings — Rs. 1,000

Liquidation Expenses — Rs. 1,000

20. The life fund of a life assurance company was Rs.70,00,000. Its actuarial valuation on 31st March, 2020 disclosed a net liability of Rs.57,00,000. An interim bonus of Rs.1,00,000 was paid to the policy holders during the two years. It is proposed to carry forward Rs.2,20,000 and divide the balance. Show the valuation balance sheet and the distribution of net profit.
21. What are the objectives of International Accounting Standards Committee? State the standards laid down by it regarding disclosure of accounting policies.

(2 × 15 = 30 Marks)