

**M.COM. DEGREE END SEMESTER EXAMINATION NOVEMBER
2016**

SEMESTER - 1: COMMERCE

COURSE: P1COMT01 - ADVANCED FINANCIAL ACCOUNTING

(For Supplementary / Improvement 2015 Admission)

Time: Three Hours

Max. Marks: 75

SECTION - A

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

1. Explain IFRS 3.
2. Write the name of at least two companies in India practicing Human Resources Accounting.
3. What do you mean by Reconstruction?
4. What do you mean by arbitrary assessment method of valuation of goodwill? .
5. What is Future maintainable profit?
6. Explain inter company holdings.
7. Explain intrinsic value method for purchase consideration.
8. What do you mean by capital reduction account.
9. What do you mean by reverse merger?
10. What do you mean by Super profit method for calculating goodwill?

(2 x 10 = 20)

SECTION - B

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

11. Explain the zoological classification of Goodwill.
12. Explain the accounting procedure for Internal reconstruction.
13. What are the five conditions for amalgamation in the form of merger?
14. From the following Balance Sheet of Sweetex Ltd. you are asked to-ascertain the value of each Equity Share of the company:

<i>Liabilities</i>	<i>Rs.</i>	<i>Assets</i>	<i>Rs.</i>
20,000 Equity Shares of Rs. 10 each, fully paid	2,00,000	Goodwill	30,000
1,000, 6% Preference Shares of Rs. 100 each, fully paid	1,00,000	Land and Building	1,00,000
Reserves	60,000	Plant and Machinery	1,20,000
Sundry Creditors	40,000	Investments (at cost)	60,000
Provision for Taxation	20,000	Stock	50,000
Other Liabilities	10,000	Debtors	40,000
		Cash at Bank	24,000
		Preliminary Expenses	6,000
	<u>4,30,000</u>		<u>4,30,000</u>

For the purpose of valuing the shares of the company, the assets were revalued as: Goodwill Rs. 50,000; Land and Building at cost plus 50%, Plant and Machinery Rs.1,00,000; Investments at book values; Stock Rs.80,000 and Debtors at book value, less 10%.

15. What is IFRS 2? What is the scope of IFRS 2?

16. Briefly Explain Net asset method for calculating purchase consideration.

17. Mr. X filed his petition on 31st March 2005. From the following information, prepare

Statement of Affairs in respect of Mr. X.

	Rs
Capital on 1st April 2004	44,790
Drawings up to 31st March 2005	18,610
Losses on trading upto 31st March 2005	29,300
Preferential Creditors	2,080
Creditors	80,640
Cash at Bank	230
Cash in hand	70
Book Debts Rs 27, 370, estimated to produce	20,500
Furniture Rs 2, 480, estimated to produce	1,200
Plant and Machinery Rs 21. 250, estimated to produce	15,000
Factory Rs. 60,000, estimated to produce (factory subject to mortgage for Rs 45,000)	55,000
Stock, Rs 13,200 estimated to produce	8,300

Cost of winding up comes to Rs 2,820.

18. Following is the balance sheet of HAL Ltd. as on 31/12/1980

Liabilities	Rs	Assets	Rs
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2000 shares of Rs.10 each fully paid up	20000	Goodwill	4000
Profit and Loss Account	7000	Fixed Assets	16500
Debentures	10000	Current Assets	19500
Creditors	3000		
	40000		40000

RAL Ltd. agreed to take over the assets HAL Ltd. (exclusive of one fixed assets Rs.4000 and cash Rs.1000 included in current assets) at 10% more than the book value. It agreed to take over creditors also. The purchase price was to be discharged by the issue of 2000 shares of Rs.10 each at the market value of Rs.15 each and the balance in cash. Liquidation expenses came to Rs.400. HAL Ltd. Sold the fixed assets of Rs.4000 and realized the book value. It paid off its debentures and liquidation expenses. You are required to give journal entries in the books of RAL Ltd.

(5 x 5 = 25)

SECTION - C

Answer any **2** questions. Each question carries **15** marks

19. The following are the Balance sheet of X Ltd. And Y Ltd. as on 31.03.2004

Liabilities	Moon Ltd	Noon Ltd	Assets	Moon Ltd	Noon Ltd
Equity shares of Rs.25each	75000	50000	Goodwill	30000	
P&L A/c	7500	2500	Fixed assets	31500	38800
Creditors	3500	3500	Stock	15000	12000
Depreciation fund		2500	Debtors	8000	5200
	2960000	540000	Bank	1500	2500
				2960000	540000

The assets and liabilities are to be taken over by a new company formed called Pawn Ltd., at book value. Pawn Ltd.'s capital is Rs.200000 divided into 10000 equity shares of Rs.10 each and 10000 9% preference shares of Rs.10 each.

Pawn Ltd. Issued the equity shares equally to the vendor companies and preference shares were issued for any balance of purchase price.

Pass journal entries in the books of Pawn Ltd. and prepare its Balance sheet, if the amalgamation is in the nature of purchase.

20. The following is the balance sheet of K Ltd. On 31-12-1980

Liabilities	Rs	Assets	Rs
Share capital: 2000 equity shares of Rs.100 each	20000	Goodwill	4000
P&L A/c	7000	Fixed Assets	16500
8% Debentures	10000	Current Assets	19500
Sundry creditors	3000		
	40000		40000

R Ltd. Agreed to take over the assets of K Ltd. (exclusive of one fixed assets of Rs.4000 and cash Rs.1000 included in current assets) at 10% more than the book values. It agreed to take over creditors also. The purchase price was to be discharged by the issue of 2000 shares of Rs.10 each at the market value of Rs.15 each and the balance in cash. Liquidation expenses came to Rs.400. K Ltd. Sold the fixed assets of Rs.4000 and realized the book value. It paid off its debentures and liquidation expenses.

You are required to give journal entries in the books of K Ltd and R Ltd.

21. What do you mean Human resources Accounting? Explain briefly the different method for valuing human resources in India.

22. Explain the term Goodwill. What is the need for valuing Goodwill of Companies? Explain the different method for valuation of Goodwill.

(15 x 2 = 30)
