Reg. No. \_\_\_\_\_\_\_\_\_\_\_\_\_



**End Semester Examination – Nov / Dec – 2019**

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| **Code :** | **18PA2006** | **Duration :** | **3hrs** |
| **Sub. Name :** | **ADVANCED ACCOUNTING** | **Max. Marks :** | **100** |

**ANSWER ALL QUESTIONS (5 x 20 = 100 Marks)**

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| --- | --- | --- | --- | --- |
| **Q. No.** | **Sub Div.** | **Questions** | **Course**  **Outcome** | **Marks** |
| 1. | a. | Describe the advantages and disadvantages of financial reporting. | CO1 | 10 |
| b. | Discuss the Qualitative characteristics of useful financial Information. | CO1 | 10 |
| **(OR)** | | | | |
| 2. | a. | Discuss IFRS 15 which sets out a five-step model for the recognition of revenue. | CO2 | 10 |
| b. | Describe in detail IAS 16: Property plant and equipment. | CO2 | 10 |
|  |  |  |  |  |
| 3. |  | P Co. acquired 75% of ordinary shares of S Co. on that company’s incorporation in 20X3. The summarised income statement and movement on retained earnings of two companies for the year ending 31st Dec 2019 are set out below.   |  |  |  | | --- | --- | --- | |  | P Co. Rs. | S Co. Rs. | | Sales revenue | 75,000 | 38,000 | | Cost of sales | (30,000) | (20,000) | | Gross Profit | 45,000 | 18,000 | | Administrative expenses | (14,000) | (8,000) | | Profit before tax | 31,000 | 10,000 | | Income tax expenses | (10,000) | (2,000) | | Profit for the year | 21,000 | 8,000 | | Note: Movement on retained earnings | | | | Retained earnings brought forward | 87,000 | 17,000 | | Profit for the year | 21,000 | 8,000 | | Retained earnings carried forward | 1,08,000 | 25,000 |   Prepare the consolidated income statement and extract from the statement of changes in equity showing retained earnings and non-controlling interest. | CO5 | 20 |
| **(OR)** | | | | |
| 4. | a. | Present a statement of financial position with imaginary figures. | CO4 | 10 |
| b. | Construct the statement of changes in equity for a company of your choice. | CO4 | 10 |
|  |  |  |  |  |
| 5. | a. | Describe the liquidity ratios and shareholders’ investment ratios bringing out its meaning and significance. | CO3 | 10 |
| b. | Discuss the limitations of financial ratios. | CO3 | 10 |
| **(OR)** | | | | |
| 6. |  | Paul and Ben are partners. They share profit and `losses in the ratio of 3:1. The Balance sheet as on 31st March 2015 is as follows:   |  |  |  |  | | --- | --- | --- | --- | | Liabilities | Rs. | Assets | Rs. | | Creditors  Bills payable  General Reserve  Capitals:  Paul. 80,000  Ben. 40,000 | 60,000  20,000  40,000  1,20,000 | Cash  Debtors  Stock  Furniture  Building  Cash at Bank | 5,000  70,000  30,000  25,000  1,00,000  10,000 | |  | 2,40,000 |  | 2,40,000 |   On 1st April 2015, they agreed to admit Bobby into the firm for 1/5th share of future profits on the following terms:   1. Building is revalued at Rs.1,20,000 2. Stock is revalued at Rs.21,500 3. Goodwill is raised at Rs.40,000 4. Provision for bad debts is made at 5% 5. Bobby to bring in a Capital of Rs.50,000   Prepare Revaluation Account, capital account and Balance sheet of reconstituted firm. | CO6 | 20 |
|  |  |  |  |  |
| 7. |  | From the following particulars of X company calculate  i) Sales ii) Debtors iii) Closing stock iv) Creditors  Debtors’ velocity 3 months  Stock turnover Ratio 8 times  Creditors velocity 2 months  Gross profit ratio 25%  Gross Profit for the year was Rs.4,00,000. Closing stock was Rs.10,000 more than the opening stock. | CO3 | 20 |
| **(OR)** | | | | |
| 8. |  | A, B and C were in partnership sharing profits and loses 2:2:1. Balance sheet as on 31.12.2012.   |  |  |  |  |  | | --- | --- | --- | --- | --- | | **Liabilities** |  | **Amount (Rs.)** | **Assets** | **Amount (Rs.)** | | Trade Creditors |  | 4000 | Cash in hand | 4000 | | Provision for D.D |  | 600 | Sundry debtors | 2600 | | A’s Capital A/c | 10000 |  | Stock | 4000 | | B’s Capital A/c | 4000 |  | Loose tools | 10000 | | C’s Capital A/c | 2000 | 16000 |  |  | |  |  | **20600** |  | **20600** | |  |  |  |  |  |   They decided to dissolve the firm on the same date. The assets realized and liabilities paid as follows:  1). Trade Creditors were settled @ Rs.3800/-  2). Stock Rs.4520/-  3). Sundry debtors Rs.1800/-  4). Expenses on realization were Rs. 120/-  Show the realization A/c, Partner’s capital A/c and Cash A/c. | CO6 | 20 |
|  | |  |  |  |
|  | | **Compulsory**: |  |  |
| 9. |  | STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 20X2.  Rs.’000  Revenue 2,553  Cost of sales (1,814)  \_\_\_\_\_\_  Gross profit 739  Other income: interest received 25  Distribution costs (125)  Administrative expenses (264)  Finance costs (75)  \_\_\_\_\_\_\_  Profit for the year 300  Income tax expense (140)  \_\_\_\_\_\_\_  Profit for the year 160  Other comprehensive income:  Revaluation gain on property 9  \_\_\_\_\_\_\_\_  Total comprehensive income for the year 169  STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER  20X2 20X1  Rs’000 Rs’000  ASSETS  Non-Current assets  Property, plant and equipment 380 305  Intangible assets 250 200  Investments - 25  Current assets  Inventories 150 102  Receivables 390 315  Short- term Investments 50 -  Cash in hand 2 1  -------- ---------  Total Assets. 1,222 948  **Equity and Liabilities Equity**  Share Capital ($1 ordinary shares) 200 150  Share Premium Account 160 150  Revaluation Surplus 100 91  Retained earnings 260 180  Non-Current Liabilities  Long term Loan 170 50  Current Liabilities  Trade payables. 127 119  Bank overdraft 85 98  Taxation 120 110  \_\_\_\_\_\_ \_\_\_\_\_\_  Total Equity and Liabilities 1,222 948  The following information is available:   1. The proceeds of the sale of Non- current assets investments amounted to $30,000 2. Fixtures and fittings, with an Original cost of Rs. 85,000 and a carrying amount of Rs.45,000 were sold for Rs.32,000 during the year. 3. The following information relates to property, plant and equipment   31.12.20X2. 31.12.20X1  Rs’000. Rs’000  Cost 720 595  Accumulated depreciation (340). (290)  --------- ---------  Carrying amount 380 305   1. 50,000 Rs.1 ordinary shares were issued during the year at a premium of 20 paise per share 2. The short -term investments are highly liquid and are close to maturity. 3. Dividends of Rs. 80,000 were paid during the year   Prepare Cash flow statement. | CO4 | 20 |