



LOYOLA COLLEGE (AUTONOMOUS), CHENNAI – 600 034

M.Com.DEGREE EXAMINATION – COMMERCE

FOURTHSEMESTER – APRIL 2018

CO 4808- ADVANCED CORPORATE ACCOUNTING

Date: 07-05-2018
Time: 09:00-12:00

Dept. No.

Max. : 100 Marks

Section: A

Answer All Questions:

10 x 2 = 20

- 1) State any two objectives of Accounting Standards.
- 2) What is a Level 1 enterprise?
- 3) A) When the proposed dividend exceeds 20% of the paid up capital the percentage of profits to be transferred to reserve is -----.
B) Maximum remuneration payable to a part time director when he is not assisted by Managing Director should be not exceeding -----.
- 4) What do you understand by Substance over form?
- 5) Board of directors approved the financial statement of year 2015 -2016 on 31st July, 2016. The following events occurred before the approval of financial accounts by Board of Directors .State how would you deal with the following situation:
A fire occurred in the godown on April 8, 2008 damaging huge quantity of stock of value Rs.10,00,000.
- 6) What do you understand by prior period item?
- 7) Define Holding Company.
- 8) What is Purchase Consideration according to AS14?
- 9) What do you understand by Net Value Added?
- 10) P Ltd acquired 65% shares of Q Ltd, on 1.10.16. P&L a/c in the books of Q Ltd showed a debit balance of Rs.40, 000 on 01.04.16. On 31.03.17, the Balance Sheet of Q Ltd showed P&L a/c balance of Rs.1, 20,000. Calculate Capital Profits and Revenue Profits.

Section – B

Answer any four only:

4 x 10 = 40

- 11) Distinguish between Merger method and Purchase method of Accounting for amalgamation.
- 12) Define “Value Added Statement”? Give a rough format of a Gross Value Added Statement for a Manufacturing Firm.
- 13) Explain the various methods of valuation of human resources.
- 14) Determine the maximum remuneration payable to the part time directors and Manager of B Ltd.of Manufacturing Company under section 309 and 387 of the Companies Act 1956 from the following particulars:

Before charging any such remuneration the P&L A/C showed a credit balance of Rs.23, 05,000 for the year ended 31st March 2010 after taking into account the following transactions:

Profit on sale of investments Rs.2, 05,000

Subsidy received from government Rs.4, 10,000

Loss on sale of fixed assets Rs.65, 000

Ex-gratia to an employee . Rs.30, 000

Compensation paid to injured workman Rs.75, 000

Provision for taxation Rs.2, 79,000

Bonus to foreign technicians Rs.3, 12,000

Multiple shift allowance Rs.1, 00,000

Special depreciation Rs.75, 000

Capital expenditureRs. 5, 10,000

Company is providing depreciation as per section 350 of the Companies Act 1956.

15) **Balance sheet of H.Ltd, and S.Ltd as on 31.12.2010 given below:**

Liabilities	H.Ltd.	S.Ltd.	Assets	H.Ltd.	S.Ltd.
Rs.	Rs.	Rs.			
Share Capital (Rs.1 each)	10,000	5,000	Sundry Assets	17,000	10,000
General Reserve	5,000	-----	4000 shares in S.Ltd	5000	
Creditors	3,000	3,200			
P&L A/C	4,000	1,800			
	22,000	10,000		22,000	10,000

Shares were purchased by H.Ltd. in S.Ltd. on 30th June, 2010. On 1st January, 2010 the balance sheet of S.Ltd. showed loss of Rs. 3, 000 which was written off out of the profits earned during 2010. Profits are assumed to accrue evenly throughout the year. Prepare consolidated Balance Sheet.

- 16) a) What is Contingent Liability as per AS 29?
b) Write the areas where AS29 is not applicable.

17) **A Ltd and B Ltd have agreed upon the values of assets and liabilities as shown in the following Balance Sheets:**

Liabilities	A Ltd Rs.	B Ltd Rs.	Assets	A Ltd Rs.	B Ltd Rs.
Share Capital	20,00,000	10,00,000	Sundry Assets	20,00,000	12,00,000
Reserves	2,00,000	5,00,000	10,000 shares in B Ltd	2,00,000	
			10,000 shares in A Ltd		3,00,000
	22,00,000	15,00,000		22,00,000	15,00,000

Ascertain the amount due to outsiders, if A Ltd and B Ltd decide to amalgamate and form C Ltd.

Also show the purchase consideration payable if A Ltd absorbs the B Ltd.

Section – C

Answer any two only:

2 x 20 = 40

18) The following is the trial balance of B Ltd., as on 31st March, 2008:

Particulars	Rs.	Particulars	Rs.
Stock as on 01.04.2007	75,000	Purchase Returns	10,000
Purchases	2,45,000	Sales	3,40,000
Wages	30,000	Discount	3,000
Carriage	950	Profit and loss a/c	15,000
Furniture	17,000	Share Capital	1,00,000
Salaries	7,500	Creditors	17,500
Rent	4000	General Reserve	15,500
Sundry trade expenses	7,050	Bills Payable	7,000
Dividend paid	9,000		
Debtors	27,500		
Plant and Machinery	29,000		
Cash at bank	46,200		
Patents	4,800		
Bills Receivable	5,000		
	5,08,000		5,08,000

Prepare the profit and loss account for the year ended 31st March, 2008 and a balance sheet as on that date after considering the following adjustments:

- 1) Stock as on 31st March, 2008 Rs. 88,000
- 2) Provide for income tax at 50%
- 3) Depreciate plant and machinery at 15%; Furniture at 10%; and patents at 5%.
- 4) On 31st March, 2008 outstanding rent amounted to Rs.800 and salaries Rs.900
- 5) The board of directors recommended payment of a dividend @15% per annum
- 6) Provide Rs.510 for doubtful debts
- 7) Provide for managerial remuneration at 10% on profit before tax.

19) The Balance Sheet of X Ltd., and its subsidiary Y Ltd as on 31st March, 2009 are given below:

Liabilities	X Ltd. Rs.	Y Ltd. Rs.	Assets	X Ltd. Rs.	Y Ltd. Rs.
Equity Shares of Rs.100 each	6,00,000	2,00,000	Buildings	4,12,000	1,20,000
General Reserve	3,80,000	8,000	Machinery	1,00,000	96,000
Profit&Loss a/c	3,20,000	1,44,000	Furniture	20,000	12,400
Creditors	60,000	64,000	Stock	1,36,000	80,800
			Investments	4,48,000	-----
			Debtors	1,12,000	63,200
			Cash	1,32,000	44,000
	13,60,000	4,16,400		13,60,000	4,16,400

You are required to prepare consolidated Balance Sheet of X Ltd. And its subsidiary Y Ltd as on 31st March, 2009 together with the working notes after giving effect to the following relevant information:

- 1) X Ltd acquired 80% equity shares in Y Ltd. On 1st July, 2008 at a cost price of Rs.4, 48,000.
 - 2) In the profit and loss account of X Ltd, interim dividend declared by Y Ltd. On 1st July, 2008 at the rate of 10% p.a is included
 - 3) Creditors of X Ltd. include an amount of Rs.24,000 in respect of purchase from Y Ltd. and stock of X Ltd, .also includes stock at cost price of Rs.12000 purchased from Y Ltd. which sells the goods by adding 25% profit on the cost price.
 - 4) On 1st April, 2008 in the books of Y Ltd., Profit and loss account credit balance was Rs.1,12,000 from which the company declared 10% interim dividend. During the year 2008 - 2009 profit of the company was constant.
- 20) B Ltd is to absorb S Ltd. the purchase consideration is the issue of 5 shares of Rs.10 each at 10% premium for every 4 shares held in S Ltd. The Balance sheets on the date of Absorption were as under:

Liabilities	B Ltd Rs.	S Ltd Rs.	Assets	B Ltd Rs.	S Ltd Rs.
Share Capital (Rs.10 each)	20,00,000	12,00,000	Fixed Assets	16,00,000	8,00,000
Reserves	2,00,000	1,60,000	24000shres in S Ltd	3,20,000	
Creditors	4,00,000	2,40,000	20000shres in B Ltd		2,40,000
			Current Assets	6,80,000	5,60,000
	26,00,000	16,00,000		26,00,000	16,00,000

Prepare ledger accounts in the books of S Ltd and journal entries in the books of B Ltd along with Balance sheet after the absorption.

- 21) When do you recognize revenue in the following cases as per AS-9?
 - a) Sales of Goods; B) Rendering of services.

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