



**LOYOLA COLLEGE (AUTONOMOUS), CHENNAI – 600 034**

**M.Com. DEGREE EXAMINATION – COMMERCE**

**FOURTH SEMESTER – APRIL 2018**

**CO 4958- CORPORATE ACCOUNTS AND ACCOUNTING STANDARDS**

Date: 08-05-2018  
Time: 09:00-12:00

Dept. No.

Max. : 100 Marks

**Section: A**

**Answer All Questions:**

**10 x 2 = 20**

- 1) What are Notes to Accounts?
- 2) What is Contingency?
- 3) What do you understand by Substance over form?
- 4) On 1-1-2009 A Ltd has 1800 equity shares outstanding. On 31-05-2009, it issued 600 equity shares for cash (without bonus claim). On 1-11-2009 it bought back 300 shares. Calculate weighted average number of shares as on 31-12-2009.
- 5) Define Holding Company.
- 6) What is intrinsic value of share?
- 7) What do you understand by Net Value Added?
- 8) What do you understand by Contingent Asset?
- 9) Write a short note on "Market Value Added".
- 10) A Ltd produces chemical, X which has following production cost per unit Raw Material Rs.5; Direct Labour RS.2; Direct Expenses Rs.3; Normal Capacity 5000 units per annum; Actual production 4000 units;  

	Fixed	Production	Overhead

RS.20,000 per annum. The company has 2000 units unsold stock lying with it at the end of year. You are required to value the closing stock.

**Section – B**

**Answer any four only:**

**4 x 10 = 40**

- 11) Write a short note on: A) Cost of Control, B) Minority Interest, C) Advantage of preparation of Consolidated Balance Sheet. D) Mutual Obligations
- 12) Define "Value Added Statement"? Give a rough format of a Gross Value Added Statement for a Manufacturing Firm.
- 13) Define "Impairment Loss". How would an impaired Asset be identified? What are the disclosure provisions relating to impairment of assets?
- 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 31<sup>st</sup> 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 expenditure Rs.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.
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 30<sup>th</sup> June, 2010. On 1<sup>st</sup> 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) The Balance Sheet of A Co. Ltd as on December 31, 2010 was as follows:

Liabilities	Rs.	Assets	Rs.
Share Capital 100000 shares of Re.1 each	1,00,000	Fixed Assets	90,000
Sundry Liabilities	20,000	Current Assets	10,000
		P & L A/c	20,000
	1,20,000		1,20,000

B Ltd absorbed the A Ltd and took over all the assets for Rs.72,000 payable Rs.50,000 in shares of rupee 1 each and Rs.22,000 in cash ( in order to enable A Ltd to pay off its liabilities and cost of winding up) Show Realization A/C, Shareholders A/C and Cash A/C in the books of A Ltd.

**Section – C**

**Answer any two only:**

**2 x 20 = 40**

18) 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	S Ltd	Assets	B Ltd	S Ltd
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.

19) X Ltd purchased 750 shares in Y Ltd on 01.07.2004. The following were their Balance Sheets on 31.12.2004.

Liabilities	X Ltd	Y Ltd	Assets	X Ltd	Y Ltd
Share Capital (Rs.100 each)	3,00,000	1,00,000	Buildings	2,05,000	1,25,000
Reserves	1,00,000	70,000	Stock	1,00,000	80,000
Profit & Loss A/C	1,00,000	60,000	Debtors	1,00,000	40,000
Creditors	80,000	40,000	Investment in Y Ltd.	1,00,000	-----
Bills Payable	50,000	20,000	Bills Receivable	40,000	45,000
Current A/C - X Ltd	-----	20,000	Bank	60,000	20,000
			Current A/C-Y Ltd	25,000	
	6,30,000	3,10,000		6,30,000	3,10,000

Additional Information:

- a) Bills receivable of X ltd include Rs.10,000 accepted by Y Ltd.
  - b) Debtors of X Ltd include Rs.20,000 payable by Y Ltd.
  - c) A cheque of Rs.5,000 sent by Y Ltd on 28th December was not yet received by X Ltd on 31st December 2004.
  - d) Profit and loss a/c of Y Ltd showed a balance of Rs.20,000 on 1<sup>st</sup> Jan, 2004.
- You are required to prepare a consolidated Balance Sheet of X Ltd and Y Ltd.

20) When do you recognize revenue in the following cases as per AS9:

- a) Sales of Goods
- b) Rendering of services.

21) a) Define Purchase Consideration as per AS14.

- b) Distinguish between Merger method and Purchase method of Accounting for amalgamation
- c) Discuss the various methods of calculating Purchase Consideration.

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