M.Com. DEGREE EXAMINATION,NOVEMBER 2018
I Year I Semester
Core Major -I
ADVANCED CORPORATE ACCOUNTING AND ACCOUNTING STANDARDS

Time : 3 Hours **Max.marks :75**

Section A $(10 \times 2 = 20)$ Marks

Answer any **TEN** questions

1. What is meant by GAAP ?
2. What do you mean by accounting standard?
3. What is meant by revenue from operation?
4. What do you understand by employees benefit expenses?
5. What is meant by money received against share warrants?
6. Define amalgamation.
7. Write the various types of amalgamation.
8. Define holding company.
9. What is meant by minority interest?
10. Define voyage account.
11. What is meant by bunker cost?
12. State the meaning of stevedoring charges.

Section B $(5 \times 5 = 25)$ Marks

Answer any **FIVE** questions

13. What are the areas in which accounting policies are used?
14. What are the requirements of profit and loss account as per the companies act ?
15. Moon and Star Co.ltd. is a company with an authorized capital of Rs.5,000,000. Divided in to 5,000 equity shares of Rs. 100 each on 31.12.2015 0f which 2,500 shares were fully called up. The balances were extracted from the ledger as on 31.12.2015. Trial balance of moon and star co ltd

Trial Balance of moon and star co ltd

Debit	Rs.	Credit	Rs.
Opening stock	50,000	Sales	3,25,000
Purchases	2,00,000	Discount received	3,150
Wages	70,000	Profit and loss account	6,220
Discount allowed	4,200	Creditors	35,200
Insurance upto31.3.2016	6,720	Reserve	25,000
Salaries	18,500	Loan from managing director	15,700
Rent	6,000	Share capital	2,50,000
General expenses	8,950		
Printing	2,400		
Advertisement	3,800		
Bonus	10,500		
Debtors	38,700		

Plant	1,80,500		
Furniture	17,100		
Bank	34,700		
Bad debts	3,200		
Calls in arrears	5,000		
	6,60,270		6.60,270

You are required to prepare statement of profit and loss account for the year ended 31.12.2015. The following information is given to you.

1. Closing stock was valued at Rs. 1,91,500.
2. Depreciation on plant at 15% and on furniture at 10%should be provided
3. A tax provision of 8,000is considered necessary.
4. The director declared an interim dividend on 15.8.2015 for 6. Months ending June30,2015 @ 6%.
5. Provide for corporate dividend tax@ 17%.

16. Raman ltd agrees to purchase the business of Krishna ltd. on the following terms
(a) For each of 10,000 shares of Rs. 10.each on Krishna ltd. 2 shares in Raman ltd. of Rs. 10 each will be issued at an agreed value of Rs. 12.per share. In addition, Rs 4. Per share cash also will be paid.
(b) 8% Debentures worth Rs.80,000 will be issued to settle the Rs. 60,000. 9% debentures in Krishna ltd.
(c) Rs. 1,000 will be paid as winding up expenses.
Calculate the purchase consideration.

17. The following are the balance sheets as on 31st December 2008, of X Ltd and Y Ltd,

LABILITIES	X LTD Rs.	Y LTD Rs.	ASSETS	X LTD Rs.	Y LTD Rs.
Equity share capital Rs,100 each	1,00,000	60,000	Land and building	30,000	---
6% Debentures of Rs .10 each	20,000	--	Plant and machinery	1,10,000	50,000
Reserve	34,000	--	Stock	16,000	8,000
Dividend Equalisation Fund	4,000	--	Debtors	14,000	9,000
Employees P.F.	3,000	--	Cash	3,000	1,000
Trade creditors	10,000	8,000			
Profit and loss account	2,000	--			
	1,73,000	68,000		1,73,000	68,000

In January 2009,the two companies agree to amalgamate and form a new company called Z ltd. Which takes over the assets and liabilities of both the companies. The authorized capital of Z ltd is Rs .10,00,000, consisting of 1,00,000equity shares of Rs.10 each.The purchase consideration is agreed at 1,20,000 and 60,000 for X LTD and Y LTD respectively. The entire purchase consideration is to be paid by Z ltd in its fully paid shares. In return for debentures of the same amount and denominationare to be issued by Z ltd. Pass journal entries in the books of X Ltd.

18. The summarized balance sheets of H ltd and S ltd as on Dec2012.

Liabilities	H.Ltd. Rs.	S.Ltd. Rs.	Assets	H.Ltd. Rs.	S.Ltd. Rs.
Share capital 0f Rs.10 each	5,00,000	1,00,000	Sundry assets	5,00,000	1,70,000
Reserve	80,000	30,000	80,000 shares in S.Ltd	1,40,000	—
Profit and loss account	60,000	40,000			

	6,40,000	1,70,000		6,40,000	1,70,000

S. ltd had the reserve of Rs.30,000. when H Ltd. acquired the shares in S.Ltd. but the profit and loss account balance of S Ltd. was fully earned after the purchase of shares. S. Ltd decided to issue bonus shares out of the post acquisition profit in the ratio of 2 shares for every 5 shares held. Calculate the cost of control before the issue of bonus shares and after the issue of bonus shares.

19. M.V. Indian Express is regularly on go trade between India and East Africa. She set on her voyage on 1st july 2005 and arrived at her destination on 14th august 2005. You are required to prepare voyage account from the following information .
(i) The vessal was purchased in 1998 for Rs.100 lakhs and at the time of purchase it had 16 years of working life left, depreciation is charged on straight line method.
(ii) Standing cost per day excluding recovery of deprecation is Rs. 22,000.
(iii) The vessal consumes daily 14.tonnes of fuel oil, 2,tonnes of diesel, 15, tonnes of fresh water. The cost of these are Rs.1000, Rs.1,350, and Rs.20 per tonne respectively.
(iv) The vessal carried the under mentioned cargo:
4,000 tonnes on which freight Rs.375, per tonne was charged and 3,500 tonnes on which the rate of freight was Rs.190. per tonne. Both the rates are enhanced by a such charge of 20% over the basic rates.
(v) Freight brokers were due a brokerage of 2.5%
(vi) Port charges at the loading and the discharging ports were Rs.40,000 and 85,000 respectively.

Section C $(2 \times 15 = 30)$ Marks

Answer any **TWO** questions

20. The Silver ore co ltd was formed on 1.4.2007.with an authorised capital of Rs. 6,00,000 shares of Rs.10 each of these 52,000 shares had been issued and subscribed but there calls in arrears on 100 shares. From the following trial balance as on march 31,2008 . Prepare profit and loss account.

TRAIL BALANCE

	Rs.		Rs.
Cash at bank	1,05,500	Share capital	5,19,750
Plant	40,000	Sale of silver	1,79,500
Mines	2,20,000	Interest on F.D.	3,900
Promotion expenses	6,000	Dividend on investment	3,200
Advertising	5,000		
Cartage on plant	1,800		
Furniture and Building	20,900		
Administrative expenses	28,000		
Repairs on plant	900		
Coal and oil	6,500		
Royalties paid	10,000		
Railway track and wagons	17,000		
Wages of miners	74,220		
Cash	530		
Investment- shares of tin mines	80,000		
Brokerage on the above	1,000		
6% F.D. in syndicate bank	89,000		
	7,06,350		7,06,350

Adjustments

(i) Depreciate plant and railway at 10%, Furniture and Building by 5%.
(ii) Write off one third of the promotion expenses .
(iii) Value of silver ore on 31st march 2008 Rs.15,000.
(iv) The directors forfeited on December 2007, 100 shares on which only Rs. 7.50 had been paid.

21. M. Ltd and N. Ltd agreed to amalgamate on the basis of the following balance sheets as on 31.12.2007.

LIABILITIES	M.Ltd Rs.	N.Ltd Rs.	ASSETS	M.Ltd Rs.	N.Ltd Rs.
Share capital of Rs.25 each	75,000	50,000	Goodwill	30,000	-
Profit and loss a/c	7,500	2,500	Fixed assets	31,500	38,800
Creditors	3,500	3,500	Stock	15,000	12,000
Depreciation fund	-	2,500	Debtors	8,000	5,200
			Bank	1,500	2,500
	86,000	58,500		86,000	58,500

The assets and liabilities are to taken over by a new company formed called P Ltd,.at book values. P Ltd s capital is Rs. 2,00,000 divided into 10,000 equity shares of Rs.10 each and 10,000 9% preference shares of Rs.10 each. P 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 P Ltd and prepare its balance sheet in the nature of purchase.

22. The balance sheets of C Ltd and D Ltd as at 31st December 2006 are as follows,

LIABILITIES	C Ltd Rs.	D Ltd Rs.	ASSETS	C Ltd Rs.	D Ltd Rs.
Shares capital Rs. 10 each	2,00,000	1,00,000	Sundry assets	1,32,500	1,38,200
General reserve	18,000	20,000	Goodwill	-	20,000
Profit and loss A/C	24,500	23,000	Shares in D Ltd.	1,40,000	
Creditors	30,000	15,200			
	2,72,,500	1,58,200		2,72,500	1,58,200

In the case of D Ltd, profit for the year ended 31st December 2006 in Rs. 12,000 and transfer to reserve is Rs. 5,000.The holding of C Ltd in D Ltd is 90% acquired on 30th june 2006. Prepare consolidated balance sheet of C Ltd and its subsidiary.

23. Jal tarang commenced a voyage on 1st October from Mumbai to Chennai. The details of complete voyage, that is, Mumbai to Chennai and back to Mumbai,were as follows.

Particulars	Rs.
Coal consumption	70,000
Fuel charges	14,000
Sundry expenses	40,000
Wages	4.000
Freight	4,00,000
Stores consumed	30,000
Salaries	48,000
Insurance (Ship)	40,000
Insurance (Freight)	16,000

Primage and address commission are 10% and 5% respectively. Freight relating to return journey amounted to Rs.1,20,000.only. The accounts are closed on 31st December.The ship was on her half way back to Mumbai on the date of closing the accounts. Prepare voyage account up to 31st December.