

**M.Com. DEGREE EXAMINATION, APRIL 2020**  
**I Year I Semester**  
**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 GAAP?
2. Do you think Accounting standards are mandatory and why?
3. What is meant by financial statement?
4. The provision for tax at the end of 31-03-2001 stood at Rs. 3,00,000. During 2001-2002 the tax liabilities upto 31-3-2001 were settled for Rs. 2,47,000. Provision required in respect of 2001-2002 is Rs. 82,000. How will you show provision for tax in profit & loss a/c?
5. What is purchase consideration?
6. What is net assets method?
7. Give journal entries in the following transactions
  - a) For Transferring Assets to Realisation A/c
  - b) For transferring liabilities to Realisation A/c
8. H Ltd., acquired 65% shares of S Ltd., 1-1-2002. P&L a/c in the books of S Ltd showed a debit balance of Rs. 40,000 on 1-4-2002 on 31-3-2002, the balance sheet of S Ltd showed P&L a/c balance of Rs.1, 20,000. Calculate capital profits and Revenue profits.
9. What is a holding company?
10. What is subsidiary company?
11. What do you mean by voyage account?
12. What do you understand by Government Account?

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

Answer any **FIVE** questions

13. Explain the AS 1 Disclosure of Accounting Policies.
14. X Ltd. presented the following information as on 31.12.2008:
  - i. Un-appropriated profits as on 1.1.08 amounted to Rs. 60,000;
  - ii. Profit for the current year amounted to Rs. 2, 40,000;
  - iii. Rs.40,000 to be transferred to General Reserve;
  - iv. Rs.20,000 to be transferred to Sinking Fund;
  - v. Rs.20,000 to be transferred to Dividend Equalisation Fund;
  - vi. Interim Dividend paid Rs. 30,000;
  - vii. Provision to be made for equity dividend @ 10% (Equity Share Capital Rs. 2,50,000).

15. Spring Field Ltd., is absorbed by Sports Field Ltd., the consideration being:

- i. The taking over of the trade liabilities of Rs. 40,000
- ii. The payment of cost of absorption of Rs. 15,000
- iii. The repayment of B debentures of Spring Field Ltd. of Rs.2,00,000 at par;
- iv. The discharge of A debentures of Rs. 3,00,000 in the vendor co. At a premium of 10% by the issue of 8% debentures in Sports Field Ltd. at par.
- v. A payment of Rs. 20 per share in cash and the exchange of 4 fully paid Rs.10 shares in Sports Field Ltd., at a market price of Rs. 15 per share for every Rs. 50 share in Spring Field Ltd. which were 40,000 in number.

You are required to find out the purchase consideration.

16. The following is the balance sheet of H and S as at 31st December on which date H acquires all the shares of S:

Liabilities	H Rs.	S Rs.	Assets	H Rs.	S Rs.
Share capital	5,00,000	1,00,000	Sundry assets	7,50,000	1,90,000
Reserve		25,000	Shares in S Ltd at cost	2,00,000	
Profit and loss Account	1,00,000	15,000			
Creditors	3,50,000	50,000			
	9,50,000	1,90,000		9,50,000	1,90,000

Show the consolidated balance sheet.

17. India Shipping Company of Bombay had a ship by name Bharat, whose written down value as on 1st July 2005 was Rs 24 lakhs. The ship was insured for Rs. 30 lakhs at 1% for voyage policy of hull. The ship made a trip to Sydney and returned to Madras during the period 1st July 2005 to 30th Sept. 2005.

The particulars relating to the voyage are given below:

1. Expenses incurred:
  - a. Salaries of the crew Rs. 25,000
  - b. Fuel Rs.55,000
  - c. Port dues Rs.30,000
  - d. Stores expenses Rs.32,000
  - e. Shares of overhead for the ship Rs.16,000
2. Stevedoring at the rate of Rs. 3 per tonne.
3. Depreciation was charged on the written down value of the ship at the rate of 10% p.a.
4. The freight was insured at 1%.
5. The particulars of the freight consisted of the following:
  - a. Leather goods 1,100 tonnes at the rate of Rs. 120 per tonne.
  - b. Cotton 500 tonnes at the rate of Rs. 150 per tonne.
  - c. Sugar 1,700 tonnes at the rate of Rs. 100 per tonne.
6. In addition to primage @ 10%, the brokerage payable was @ 5%.

Prepare Voyage Account for the three months.

18. What is government accounting? Explain the general structure of Government Accounting.

19. Discuss the powers of Comptroller and Auditor General of India.

**Section C** ( $2 \times 15 = 30$ ) MarksAnswer any **TWO** questions

20. List of ICAI's Mandatory Accounting Standards (AS1-29)- Explain.
21. From the following trail balance of ABC company ltd as on 31-12-2017. Prepare profit and loss account for the balance sheet.

Debit balances	Rs.	Credit balances	Rs.
Opening stock	30,000	Equity Share Capital	1,00,000
Rent and rates	6,000	1000 shares of Rs.100 each	
Purchases	60,900	5% debentures	25,000
Wages	55,200	Sales	1,75,000
Discount	1,500	Creditors	8,000
Fuel	2,570	Bank overdraft	12,000
Building	70,000	Discount	2,200
Carriage inwards	1,175	Transfer fee	100
Debtors	20,000	Returns outwards	100
Goodwill	28,000		
Plant & machinery	25,000		
Loose tools	6,000		
Advertisement	3,000		
General expenses	4,400		
Bad debts	1,030		
Debentures interest(for half year)	625		
Miscellaneous	3,000		
Insurance	1,000		
Cash	3,000		
	3,22,400		3,22,400

Additional information:

- a) The authorised capital of the company is Rs.2,00,000
- b) Stock on December 31,2017 is Rs.2,00,000
- c) Depreciate Plant & Machinery at 9% and Revalue Tools at Rs.4,100
- d) Allow 2.5% discount on debtors and 2% as bad debts reserve.
22. M Ltd. And N Ltd. Agreed to amalgamate on the basis of the following Balances sheets as on 31-12-2017.

Liabilities	M Ltd Rs.	N Ltd Rs.	Assets	M Ltd. Rs.	N Ltd Rs.
Share capital 25 each	75,000	50,000	Goodwill	30,000	-
Profit and loss Account	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 be 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 equity shares equally to the vendor companies and preference shares were issued for any balances of purchase price.

Pass journal entries in the books of P.ltd and prepare balance sheet, if the amalgamation is in the nature of purchase.

23. From the balance sheets and information given below, prepare a Consolidated Balance Sheet:

Liabilities	H Rs.	S Rs.	Assets	H Rs.	S Rs.
Share capital			Sundry assets	80,000	12,000
Rs. 10 fully paid	1,00,000	20,000	Stock	61,000	24,000
Profit and loss Account	40,000	12,000	Debtors	13,000	17,000
Reserve	10,000	6,000	Bills receivables	1,000	
Bills payable		3,000	Shares in S ltd at		
Creditors	20,000	12,000	cost	15,000	
	1,70,000	53,000		1,70,000	53,000

- All the profits of S Ltd. have been earned since the shares were acquired by H Ltd. but there was already the Reserve of Rs. 6, 00,000 on that date.
- The bills accepted by S Ltd. are all in favour of H Ltd. which has discounted Rs. 2,000 of them.
- Sundry assets of S Ltd. are undervalued by Rs. 2,000.
- The stock H Ltd. includes Rs. 5,000 bought from S Ltd. at a profit to the latter of 25% on cost.