

**SHRIMATHI DEVKUNVAR NANALAL BHATT VAISHNAV COLLEGE FOR WOMEN  
(AUTONOMOUS)**

(Affiliated to the University of Madras and Re-accredited with 'A+' Grade by NAAC) Chromepet,  
Chennai — 600 044.

**M.Com.(A&F) END SEMESTER EXAMINATION APRIL/NOV - 2021**

**SEMESTER - III**

**20PAFCT3010 - Advanced Corporate Accounting and Accounting Standards**

<b>Total Duration : 3 Hrs</b>	<b>Total Marks : 75</b>
MCQ : 30 Mins	MCQ : 15
Descriptive : 2 Hrs.30 Mins	Descriptive : 60

Section B

Answer any **SIX** questions (6 × 5 = 30 Marks)

1. Explain the fixed assets not covered under AS 10.
2. Vijay Ltd. went into liquidation with the following liabilities  
Secured Creditors Rs.30,000 (Securities realised – Rs.35,000).  
Preferential Creditors Rs.700 Unsecured Creditors Rs.40,500.  
Liquidator's remuneration amounted to Rs.352. He is entitled to a remuneration of 4% on the amounts realised (including securities with creditors) and 2% on the amount distributed to unsecured creditors. The various other assets realised were Rs.36,000.

Prepare the liquidator's final statement of account.

3. On 31<sup>st</sup> December 2013, X Ltd. acquired 80% shares of Y Ltd. The P & L A/c and General Reserve balances as per Balance Sheet of Y Ltd prepared on 31.12.2013 amounting to Rs.6,80,000 and Rs.14.40,000 respectively. On the date of acquisition of shares, the assets of Y Ltd. were revalued and gain of Rs.1,20,000 was found out. Calculate the capital profits and revenue profits.
4. X Co. Ltd was incorporated with an authorised share capital of 90,000 equity shares of Rs.10 each. The company purchased land and buildings from Y Ltd. for Rs.4,00,000 payable in fully paid-up shares of the company. The balance of the shares were issued to the public which were fully subscribed and paid for. Pass journal entries and prepare the balance sheet.
5. Explain the merits of hybrid method of inflation accounting.
6. Pass journal entries for the following transactions.
  - a. Consolidation of 10,000 equity shares of Rs.10 each fully paid as equity shares of Rs.100 each fully paid.
  - b. Sub-division of 5,000 equity shares of Rs.100 each fully paid in to shares of Rs.10 each fully paid.
  - c. Conversion of 2,000 equity shares of Rs.10 each, Rs.8 each paid up as fully paid shares of Rs.8 each.
7. The following details are obtained from ABC Ltd. regarding valuation of its goodwill.
  - a. Profit for last five years: 2001 – Rs.1,20,000 2002 – Rs.176,000  
2003 – Rs.2,00,000 2004 – Rs.1,90,000  
2005 – Rs. 2,45,000
  - b. The profit for the year 2001 was reduced due to a fire occurred in the business premises and goods worth Rs.35,000 were destroyed in the fire.
  - c. The profit for the year 2003 includes a non- recurring income of Rs. 25,000.
  - d. Profits of 2005 were arrived after deducting Rs.20,000 for a non- recurring expense and including Rs.9,000 from a non-business operation.

Compute the amount of goodwill under average profits method on the basis of three years purchase of 5 years average profit.

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8. A Ltd. absorbs B Ltd. by payment of 5 shares of rs.10 each at a premium of 10% for every 4 shares held in B Ltd. The balance sheet of B Ltd. as on the date of absorption is given below.

Liabilities	Rs.	Assets	Rs.
Share Capital (Rs.10)	1,00,000	Fixed Assets	90,000
General Reserve	10,000	Current Assets	30,000
Creditors	30,000	2,000 shares in A Ltd.	20,000
	<b>1,40,000</b>		<b>1,40,000</b>

Show the important ledger accounts in the books of B Ltd. and the acquisition entries in the books of A Ltd.

### Section C

#### Part A

Answer any **TWO** questions ( $2 \times 10 = 20$  Marks)

9. Explain the objectives and scope Ind As 1.
10. X Ltd. decided to issue 50,00,000 Equity shares of Rs.10 each. The whole issue was underwritten by A, B and C.  
A : 15,00,000 shares      B : 25,00,000 shares      C: 10,00,000 shares  
Application were received for 48,50,000 of which marked applications were as follows.  
A – 12,00,000 shares      B – 25,00,000 shares      C – 8,50,000 shares  
Determine the net liability of each underwriter. Unmarked applications are to be distributed amongst underwriters in the ratio of their gross liability.
11. The following is the Balance Sheet of X Co. Ltd. as on 30<sup>th</sup> June 1990.

Liabilities	Rs.	Assets	Rs.
Share Capital : 2000 shares of Rs.100 each	2,00,000	Goodwill	35,000
Reserves	20,000	Land & Building	85,000
5% Debentures	1,00,000	Plant & Machinery	1,60,000
Loan from A (director)	40,000	Stock	55,000
Sundry Creditors	80,000	Sundry Debtors	65,000
		Cash at bank	34,000
		Discount on debentures	6,000
	<b>4,40,000</b>		<b>4,40,000</b>

The business of the company is taken over by Y Co. Ltd as on that date on the following terms.

- Y Co. Ltd. has to take all assets except cash, to value the assets 10% less than their book values except goodwill which is to be valued at 4 years purchase of the excess of average (5 years) profits over 8% of the combined amount of share capital and reserves.
- Y Co. Ltd to take over all trade liabilities at a discount of 5%
- The purchase consideration has to be discharged in the cash to the extent of Rs.1,50,000 and the balance in fully paid equity shares of Rs.10 each valued at Rs.12.50 per share. The average of 5 years profit was Rs. 30,100. The expenses of absorption was Rs.4,000 paid by X Ltd will be reimbursed by Y Ltd.

Pass journal entries in the books of X Co. Ltd. to close the above transactions.

12. Describe the advantages and disadvantages of Human Resource Accounting.

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Part B

Compulsory question (1 × 10 = 10 Marks)

13. From the following Balance Sheet relating to H Ltd. and S Ltd prepare a consolidated balance sheet.

**Balance Sheet as on 31.12.1992**

<b>Liabilities</b>	<b>Rs.</b>	<b>Rs.</b>	<b>Assets</b>	<b>Rs.</b>	<b>Rs.</b>
Share Capital (Shares of Rs.10 each)	10,00,000	2,00,000	Sundry fixed assets	8,00,000	1,20,000
Profit & Loss A/c	4,00,000	1,20,000	Stock	6,10,000	2,40,000
Reserves	1,00,000	60,000	Debtors	1,30,000	1,70,000
Creditors	2,00,000	1,20,000	Bills Receivables	10,000	---
Bills Payable	---	30,000	Shares in S Ltd. at cost (15,000 shares)	1,50,000	---
	<b>17,00,000</b>	<b>5,30,000</b>		<b>17,00,000</b>	<b>5,30,000</b>