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.- END SEMESTER EXAMINATIONS NOVEMBER - 2022
SEMESTER - I

20PCOCT1001 - Advanced Corporate Accounting and Accounting Standards

Total Duration : 2 Hrs 30 Mins. Total Marks : 60

Section A

Answer any **SIX** questions ($6 \times 5 = 30$ Marks)

1. Explain the nature of accounting standards.

2. The Auto parts manufacturing Co. Ltd., was registered with an authorized capital of Rs.7,50,000 divided into 3,000 6% cumulative preference share of Rs.100 each and 4,500 equity share of Rs.100 each. The following are the balances taken as on 31.12.98.

Stock on 1.1.98	2,41,500	Share capital 3,000 6%	
Delivery expenses	1,02,000	cumulative preference shares	
General Expenses	21,000	of Rs.100 each	3,00,000
Bills Receivable	6,000	3,000 equity shares (Rs.75	
Investment		called up)	2,25,000
6,000 share of Rs.10		General reserve	82,725
each in Sunrise Co.Ltd.	60,000	P & L A/c (cr)	58,500
Preference dividend		Sales	9,18,600
half year 30.06.98	9,000	5% debentures	2,10,000
Bank balance	97,500	Trade Creditors	1,25,520
Goodwill	1,00,000	Provision for taxation	8,800
Trade debtors	1,67,500		
Freehold properties at cost	3,90,000		
Salaries	1,03,500		
Rent & Rates	38,250		
Furniture at cost	75,000		
Purchases	4,76,500		
Freight & carriage inwards	3,750		
Debenture interest (Half Year)	5,250		
Final dividend for 1997	20,250		
Cash in Hand	12,145		
	19,29,145		19,29,145

Prepare statement of Profit & Loss account for the year ended 31.12.1998 after taking the following into account:

i. Closing stock Rs.2.15,000.
ii. Depreciation: $2\frac{1}{2}$ % on freehold property ad 6% furniture.
iii. Bills receivable for Rs.2,500 maturing after 31.12.1998 has been discounted with bank.
iv. Directors proposed to pay second half year's dividend on preference shares.
v. 10% dividend on equity share is proposed.
vi. Provide 5% towards reserve for doubtful debts on trade debtors.
vii. Provide for corporate dividend tax.

3. Give the format of balance sheet as per Revised Schedule VI.

4. Prabaharan Ltd., agrees to purchase the business of Krishnan Ltd., on the following terms
   a. For each of the 10,000 shares of Rs.10 each in Krishnan Ltd., 2 shares in Prabaharan 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 Krishnan Ltd.
   c. Rs.10,000 will be paid towards expenses of winding up.

   Calculate the purchase consideration.

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5. M Ltd., and N Ltd., agreed to amalgamate on the basis of the following balance sheet as on 31.03.1997.

Liabilities	**M**	**N**	**Assets**	**M**	**N**
Share capital Rs.25 each	75,000	50,000	Goodwill	30,000	—
P & L A/c	7,500	2,500	Fixed Assets	31,500	38,800
Creditors	3,500	3,500	Stock	15,000	15,000
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 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.

6. On 31^{st} March 1996 the balance sheets of H Ltd., and its subsidiary S Ltd., stood as follows

Liabilities	**H**	**S**	**Assets**	**H**	**S**
Equity share capital	8,00,000	2,00,000	Fixed Assets	5,50,000	1,00,000
General Reserve	1,50,000	70,000	75% shares in S Ltd	2,80,000	–
Profit & Loss A/c	90,000	55,000	Stock	1,05,000	1,77,000
Creditors	1,20,000	80,000	Other current assets	2,25,000	1,28,000
	11,60,000	4,05,000		11,60,000	4,05,000

Draw a consolidated Balance Sheet as at 31^{st} March, 1996 after taking into consideration the following information.

a. H Ltd., acquired the shares on 31^{st} July, 1995.
b. S Ltd., earned profit of Rs.45,000 for the year ended 31^{st} March 1996.
c. In January 1996, S Ltd., sold to H Ltd., goods costing Rs.15,000 for Rs.20,000. On 31^{st}March, 1996 half of these goods were lying as unsold in the godown of H Ltd.

7. The balance sheets of C Ltd. and D Ltd. as at 31st December 1986 are as follows.

Liabilities	**C**	**D**	**Assets**	**C**	**D**
Share Capital (in shares of Rs.10 each)	2,00,000	1,00,000	Sundry assets	1,32,500	1,38,200
			Good will	–	20,000
General reserve	18,000	20,000	Shares in D Ltd. at cost	1,40,000	–
Profit & Loss A/c	24,500	23,000			
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 1986 is 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 1986.
Draft a consolidated balance sheet of 'C' Ltd and its subsidiary.

8. What are the duties and responsibilities of Comptroller?

Section B

Part A

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

9. Difference between IFRS and GAAP.

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10. On 31^{st} March 1998, the balance sheet of X Ltd., stood as follows.

Liabilities	**Rs.**	**Assets**	**Rs.**
Share Capital:		Plant & Machinery	16,10,000
1,50,000 equity shares of Rs.10		Furniture & Fixtures	1,94,400
fully paid	15,00,000	Stock	7,05,500
Securities Premium	1,50,000	Debtors	1,98,440
General Reserve	6,25,500	Cash at Bank	1,13,200
Profit & Loss A/c	1,85,300		
Creditors	3,60,740		
	28,21,540		28,21,540

On this date, X Ltd., took over the business of Y Ltd., for Rs.6,60,000 payable in the form of its fully paid equity shares of Rs.10 each at par, shareholders of Y Ltd., getting 110 shares of X Ltd., for every 100 shares held in Y Ltd. The scheme of amalgamation also provided that 3,000 11% debentures of Y Ltd., would be converted into equal number of 12% debentures of X Ltd., of Rs.100 each. The balance sheet of Y Ltd., on the date of amalgamation was as follows.

Liabilities	**Rs.**	**Assets**	**Rs.**
Share capital		Machinery	5,50,000
60,000 equity shares of		Furniture	1,35,200
Rs.10 fully paid	6,00,000	Stock	3,15,800
Capital Reserve	13,000	Debtors	1,29,300
Foreign Projects Reserve	9,700	Cash at Bank	74,360
General Reserve	75,350		
Profit & Loss A/c	24,310		
3,000 11% Debentures of Rs.100			
each	3,00,000		
Creditors	1,82,480		
	12,04,660		12,04,660

You are required to

a. Pass Journal entries in the books of X Ltd., assuming that the amalgamation is in the nature of merger and
b. Prepare realization account and equity shareholders A/c in Y Ltd., 's ledger.

11. The following are the balance sheet of H Ltd., and its subsidiary S Ltd., as on 31.03.1995

Liabilities	**H**	**S**	**Assets**	**H**	**S**
Share capital Rs.10			Machinery	3,00,000	1,00,000
each fully paid	6,00,000	2,00,000	Furniture	70,000	45,000
General reserve	1,50,000	70,000	70% share in S Ltd.,		
Profit & Loss A/c	70,000	50,000	at cost	2,60,000	—
Creditors	90,000	60,000	Stock	1,75,000	1,89,000
			Debtors	55,000	30,000
			Cash at Bank	50,000	10,000
			Preliminary expenses	–	6,000
	9,10,000	3,80,000		9,10,000	3,80,000

H Ltd., acquired the shares of S Ltd., on 30^{th} June 1994. On 1^{st} April 94, S Ltd.'s general reserve and profit & loss account stood at Rs.60,000 and 20,000 respectively. No part of the preliminary expenses was written off in the year ended 31.03.1995.

Prepare consolidated balance sheet of H Ltd., and it's subsidiary S Ltd., as on 31.03.1995.

12. What are the powers and duties of auditor general of India?

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Part B

Compulsory question $(1 \times 10 = 10$ Marks)

13. The authorized capital of Gower Ltd., s Rs.6,00,000 consisting of 3,000 6% preference shares of Rs.100 each and 30,000 equity shares of Rs.10 each. The balance appearing in the books on 31.12.1998, were as shown below.

	Rs.		**Rs.**
Investment in shares at cost	50,000	Sundry creditors	87,850
Purchases	4,90,500	6% Pref. share capital	2,00,000
Packing charges	18,000	Equity share capital	2,00,000
Delivery expenses	35,400	5% mortgage debentures	
Stock 1.1.98	1,45,200	secured on freehold properties	1,50,000
Salaries & wages	52,000	Dividend & Interest	4,250
Rent & Rates	17,500	Profit & Loss A/c	28,500
Freight & Carriage outward	8,200	Sales (net)	6,70,350
Final dividend for 1997	12,000	Bank overdraft by	
Preference dividend		hypothecation of stock	
half year to 30.06.98	6,000	& Receivables	1,50,000
Discount on issue of debentures	2,000		
Preliminary expenses	1,000		
Bills receivable	41,500		
Interest on bank overdraft	7,800		
Debenture interest			
half year to 30.06.98	3,750		
Sundry debtors	50,100		
Freehold property at cost	3,50,000		
Furniture at cost less			
depreciation of Rs.15,000	35,000		
Taxation advance for 1998	15,000		
Technical know-how at cost	1,50,000		
	14,90,950		14,90,950

You are required to prepare statement of profit & loss for the year ended 31^{st} December 1998 and Balance sheet as on that date after taking into account the following.

i. Closing stock valued at Rs.1,42,500.
ii. Purchases includes Rs.5,000 worth of goods and articles for distribution among valued customers.
iii. Salaries and wages include Rs.2,000 being wages incurred for installation of electrical fittings in the factory. Electrical fittings have been recorded under 'Furniture'.
iv. Bills receivable include Rs.1,500 being dishonoured bills. 50% of Rs.1,500 has been considered to be irrecoverable.
v. Bills of Rs.2,000 maturing after Dec. 1998 were discounted.
vi. Charge depreciation @ 20% on furniture.
vii. Write off 50% of discount on debentures.
viii. Dividend at 5% proposed on equity share capital.
ix. Provision for taxation Rs.8,000.
x. Technical know-how is to be written off over a period of 15 years.
xi. Salaries and wages include Rs.10,000 being the director's remuneration.
xii. Previous year's figures not to be maintained.
xiii. Write off preliminary expenses.
xiv. Provide for corporate dividend tax @ 17%

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