

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 APRIL - 2023

SEMESTER - I

**20PCOCT1001 - Advanced Corporate Accounting and Accounting Standards**

Total Duration : 2 Hrs. 30 Mins.

Total Marks : 60

### Section B

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

1. What is the need for Accounting Standards?
2. The following ledger balances were extracted from the books of M Ltd. as on 31.3.2013:  
Land & building Rs.2,00,000; 12% Debentures Rs.2,00,000; Share capital Rs.10,00,000 (equity shares of Rs.10 each fully paid up); Plant & machinery Rs.8,00,000; Goodwill Rs.2,00,000; Investment in shares of Raja Ltd. Rs.2,00,000; General reserve Rs.1,95,000; Stock in trade Rs.1,00,000; Bills receivable Rs.50,000; Debtors Rs.1,50,000; Creditors Rs.1,00,000; Bank loan (unsecured) Rs.1,00,000; Provision for tax Rs.50,000; Proposed dividend Rs.55,000. Prepare the balance sheet of the company as per revised schedule VI, Part I of the Companies Act 1956.
3. Compute the maximum remuneration available to the part time directors and manager of Blueprint Co. Ltd. (a manufacturing company) under section 309 and 387 of the companies Act, 1956, from the following particulars. Before charging any such remuneration the Profit & Loss A/c showed a credit balance of Rs.6,60,000 for the year ended March 31<sup>st</sup> 1983 after taking into account the following matters:

	Rs.
Capital expenditure	1,50,000
Subsidy received from Govt.	1,20,000
Special depreciation	20,000
Multiple shift allowance	30,000
Bonus to foreign technicians	90,000
Provision for taxation	8,00,000
Compensation paid to injured workman	20,000
Ex-gratia to an employee	10,000
Loss on sale of fixed asset	20,000
Profit on sale of investment	60,000

4. Guha Ltd. was formed to acquire the businesses of Bharath Ltd. and Sarath Ltd. Sarath Ltd. had a share capital of Rs.5,00,000, General reserve of Rs.2,00,000. It accepted a purchase consideration of Rs.6,35,000. Bharath Ltd.'s capital was Rs.16,00,000 and Reserves Rs.7,00,000 and the agreed upon purchase price was Rs.22,30,000. Compute the Reserves to be shown in the books of Guha Ltd., if the amalgamation is in the nature of merger.
5. State the differences between pooling of interests method and purchase method.

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6. From the following summarized balance sheets of H Ltd. and S Ltd. as on 31.12.94. Prepare a consolidated balance sheet of the two companies.

<b>Liabilities</b>	<b>H Ltd.</b>	<b>S Ltd.</b>	<b>Assets</b>	<b>H Ltd.</b>	<b>S Ltd.</b>
Share capital:					
Share of Rs.10 each Fully paid	25,00,000	12,50,000	Fixed assets	18,10,000	15,75,000
Reserves	7,50,000	5,00,000	Investments (1,00,000 shares)	11,00,000	—
Creditors	2,25,000	2,00,000	Current assets	5,65,000	3,75,000
	<b>34,75,000</b>	<b>19,50,000</b>		<b>34,75,000</b>	<b>19,50,000</b>

H Ltd purchased the shares in S Ltd. on 1<sup>st</sup> January 1994. When reserves in S Ltd. stood at Rs.3,00,000 and in H Ltd. at Rs.4,50,000.

7. On 1<sup>st</sup> April 1988 S Ltd. had a subscribed share capital of Rs.5,00,000 divided into 50,000 fully paid equity shares of Rs.10 each. It had accumulated capital and revenue profit to the tune of Rs.3,90,000 by that date when H Ltd. acquired 80% of its shares for Rs.9,00,000. The profit earned by S Ltd. amounted to Rs.2,60,000 for the year ended 31<sup>st</sup> March 1989 on which date S Ltd. issued by way of bonus one fully paid equity share of Rs.10 for every five equity share held out of its pre-acquisition profits. Compute as on 31.03.1989 cost of control and minority interest just before the issue of bonus shares.
8. Examine the importance of Government accounts structure.

### Section C

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

9. ABC limited is a company with an authorized capital of Rs.5,00,000 divided into 5,000 equity shares of Rs.100 each. On 31-12-1990, 2,500 shares were fully called up. The following balances were extracted from the ledger of the company as on 31-12-1990.

<b>Particulars</b>	<b>Rs.</b>
Stock	50,000
Sales	4,25,000
Purchases	3,00,000
Wages (productive)	70,000
Discount allowed	4,200
Discount received	3,150
Insurance upto 31.03.91	6,720
Salaries	18,500
Rent	6,000
General expenses	8,950
Profit & Loss account (Cr)	6,220
Printing & stationery	2,400
Advertisement	3,800
Bonus	10,500
Debtors	38,700
Creditors	35,200
Plant & machinery	80,500
Furniture	17,100
Cash and bank balance	1,34,700
Reserve	25,000
Loan from managing director	15,700
Bad debts	3,200
Calls-in-arrears	5,000

You are required to prepare statement of profit and loss for the year ended 31.12.90 and the balance sheet as on that date.

Additional Information:

- a) Closing stock Rs.91,500.
- b) Provide depreciation at 15% on plant and machinery and 10% furniture.
- c) Outstanding liabilities: Wages Rs.5,200; salary Rs.1,200; Rent Rs.600.
- d) Provide 5% dividend on the paid up share capital.
- e) Provide for corporate dividend tax at 17%.

10. The following are the Balance sheets of Raman Ltd. and Soman Ltd. as on 31.3.2015

<b>Liabilities</b>	<b>Raman Ltd.</b>	<b>Soman Ltd.</b>	<b>Assets</b>	<b>Raman Ltd.</b>	<b>Soman Ltd.</b>
Share capital(Rs.10 each)	15,00,000	6,00,000	Fixed assets	16,03,500	4,49,500
Securities premium	1,50,000	15,000	Current assets	9,28,930	3,70,600
P&L A/c	1,89,360	—	Miscellaneous Expenditures	10,000	—
General Reserve	4,70,000	—	P&L A/c	—	96,530
8% Debenture	—	2,00,000			
Creditors	2,33,070	1,01,630			
	<b>25,42,430</b>	<b>9,16,630</b>		<b>25,42,430</b>	<b>9,16,630</b>

Bhiman Ltd. was formed to take over the business of Raman Ltd. and Soman Ltd. for the agreed purchase consideration of Rs.19,50,000 and Rs.4,80,000 respectively, which is payable in the form of Rs.100 shares at par. Soman Ltd.'s Debentures are to be converted into 10% debentures of Bhiman Ltd. Amalgamation expenses of Rs.15,000 are to be borne by the Transferee company. Prepare the books of the Transferor companies and give Journal and balance sheet in Transferee company's books. Assume that the amalgamation is in the nature of merger.

11. **Balance sheet as on 31<sup>st</sup> March 2008**

<b>Liabilities</b>	<b>H Ltd.</b>	<b>S Ltd.</b>	<b>Assets</b>	<b>H Ltd.</b>	<b>S Ltd.</b>
Share of Re.1 fully paid	24,000	10,000	Current Assets	17,000	5,000
Reserve	10,000	2,000	Fixed Assets	25,000	15,000
P&L A/c	4,000	2,000	Investment 10,000 shares of 'S' Ltd.	13,000	-
Sundry creditors	17,000	6,000			
	<b>55,000</b>	<b>20,000</b>		<b>55,000</b>	<b>20,000</b>

Shares were acquired by 'H' Ltd. on 30<sup>th</sup> september 2007. S.Ltd transferred Rs. 1,000 from profits to reserves on 31<sup>st</sup> march 2008. Prepare the consolidated Balance Sheet.

12. The S.S. Obul undertook a voyage from Chennai to Kolkata starting on 1<sup>st</sup> January 2002 and reaching on 31<sup>st</sup> March 2002 and reaching on 31<sup>st</sup> March 2002. The cargo consisted of 900 ton of food grains and 100 tons of engineering goods. The freight charges were Rs.150 per ton for food grains and Rs.100 per ton for engineering goods. In addition, primage was 10%. Brokerage was payable at 5%.

The expenses were:

	<b>Chennai (Rs.)</b>	<b>Kolkata (Rs.)</b>
Diesel	20,000	-
Port Charges	9,000	2,000
Harbour Charges	3,000	1,000
Loading Charges	2,000	-

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Other expenses were: (Rs.)

Stores 2,000

Postage 1,000

Salaries 10,000

The ship was insured for Rs.10,00,000 @ 1% for voyage policy of Hull. The freight was insured @  $\frac{1}{2}\%$ . Depreciation is charged on the written down value of the ship @ 5% p.a. The value of ship as on 1<sup>st</sup> January 2002 was Rs.8,00,000. Ascertain the Net profit in the books of voyage account.

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

13. Examine the reasons for convergence of Indian Accounting Standards with IFRS.

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