



LOYOLA COLLEGE (AUTONOMOUS), CHENNAI – 600 034

M.Com. DEGREE EXAMINATION – COMMERCE

FOURTH SEMESTER – NOVEMBER 2016

CO 4808 - ADVANCED CORPORATE ACCOUNTING

Date: 10-11-2016
Time: 01:00-04:00

Dept. No.

Max. : 100 Marks

Section - A

Answer ALL Questions:

10 x 2 = 20

- 1) What are Inventories?
- 2) What is Contingency?
- 3) What are Notes to Account?
- 4) What do you understand by Substance over form?
- 5) Choose the right answer:
 - A) AS 4 does not apply to:
 - a) Obligation under retirement benefits plans, b) commitments arising from long term lease contracts, c) Liabilities of general insurance companies arising from policies issued, d) all of the above.
 - B) Extraordinary item relate to event or transactions affecting:
 - a) Mathematical mistake in preparation of financial statements, b) consequent court decision on the case contested having earlier year effect, c) Effect of legislative changes with retrospective application, d) all of the above.
- 6) Define Holding Company.
- 7) What is Purchase Consideration according to AS14?
- 8) What do you understand by Net Value Added?
- 9) P Ltd acquired 80% shares of Q Ltd, on 1.10.09. P&L a/c in the books of Q Ltd showed a debit balance of Rs.80,000 on 01.04.09. On 31.03.10, the balance sheet of Q Ltd showed P&L a/c balance of Rs.2,40,000. Calculate capital profits and revenue profits.
- 10) What is meant by social responsibility accounting?

Section – B

Answer any FOUR only:

4 x 10 = 40

- 11) Describe the methods of accounting for Amalgamation.
- 12) Define “Value Added Statement. Give a rough format of a Gross Value Added Statement for a Manufacturing Firm.
- 13) Explain the treatment of the following while consolidating the accounts of Holding Company and its Subsidiary Company.
 - A) Bonus shares issued from Pre acquisition Profits.

B) Profit and Loss on Revaluation of Fixed Assets.

- 14) Determine the maximum remuneration payable to the part time directors and Manager of B Ltd.of Manufacturing Company under section 309 and 387 of the Companies Act 1956 from the following particulars:

Before charging any such remuneration the P&L A/C showed a credit balance of Rs.6,60,000 for the year ended 31st March 2014 after taking into account the following transactions:

Capital Expenditure Rs.1, 50,000
 Subsidy received from Govt.Rs.1,20,000
 Special Depreciation Rs.20,000
 Multiple Shift Allowance Rs.30,000
 Bonus to foreign technicians Rs.90,000
 Provision for taxation Rs.8,00,000
 Compensation paid to injured workmen Rs.20,000
 Ex-gratia to an employer Rs.10,000
 Loss on sale of fixed asset Rs.20,000
 Profit on sale of investment Rs.60,000.

- 15) Balance Sheets as at 31.12.2015:

Liabilities	H	S	Assets	H	S
Share Capital Re.1	1,400	1,000	Sundry Assets	885	1,510
P&L A/C	350	190	900 shares in S Ltd.	1,125	
Creditors	260	320			
	2,010	1,510		2,010	1,510

Shares of S Ltd were purchased by H Ltd on 30th June 2015. On 1st Jan 2015 the balance sheet of S Ltd showed a loss of Rs. 220.

Prepare the Consolidated Balance Sheet.

- 16) A Plant was depreciated under two different methods as under:

Year	Straight Line Method	Written Down Vlaue
1 st Year	3.90	10.69
2 nd Year	3.90	7.90
3 rd Year	3.90	5.84
4 th Year	3.90	4.32
5 th Year	3.90	3.19

Required:

- If the company followed WDV for the first four years and decides to switch over to SLM, what would be the amount of resultant surplus/deficiency?
- If the company followed SLM for the first four years and decides to switch over to WDV, what would be the amount of resultant surplus/deficiency?
- Indicate the Accounting Treatment.

- 17) Define Human Resources Accounting. What are its purposes?

Section – C

Answer any TWO only:

2 x 20 = 40

- 18) M Ltd is a company with an authorized capital of Rs.5,00,000 divided into 5000 equity shares of Rs.100 each on 31.12.2010 of which 2,500 shares were fully called up. The following are the balances extracted from the ledger as on 31.12.2010.

Particulars	Rs.	Particulars	Rs.
Opening Stock	50,000	Sales	3,25,000
Purchases	2,00,000	Discount received	3,150
Wages	70,000	Profit and Loss a/c	6,220

Discount Allowed	4,200	Creditors	35,200
Insurance (up to 31.03.2011)	6,720	Reserves	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		
Advertisements	3,800		
Bonus	10,500		
Debtors	38,700		
Plant	1,80,000		
Furniture	17,100		
Bank	35,200		
Bad Debts	3,200		
Calls in arrears	5,000		
Total	6,60,270		6,60,270

You are required to prepare Profit and Loss Account for the year ended 31.12.2010 and a Balance sheet as on that date. The following further information is given:

- 1) Closing stock was valued at Rs.1,91,500
- 2) Depreciation plant at 15% and on furniture at 10% to be provided.
- 3) A Tax provision of Rs.8,000 is necessary.
- 4) The directors declared an interim dividend on 15.08.2010 for 6 months ending June, 30, 2010 at a rate of 6%.

- 19) a) What is Contingent Liability as per AS 29?
b) Write the areas where AS29 is not applicable.

20) On 31st March, 2014 the balance sheets of H Ltd., and its subsidiary S Ltd., stood as follows:

Liabilities	H Ltd	S Ltd	Assets	H Ltd	S Ltd
Share Capital	8,00,000	2,00,000	Fixed Assets	5,50,000	1,00,000
General Reserve	1,50,000	70,000	75% share in S Ltd. (at cost)	2,80,000	-----
Profit & Loss A/c	90,000	55,000	Stock	1,05,000	1,77,000
Creditors	1,20,000	80,000	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 31.03.2014 after taking into consideration the following information:

- 1) H Ltd., acquired the shares on 31st July, 2013.
- 2) S Ltd earned profit of Rs.45,000 for the year ended 31st March, 2014.
- 3) In January 2014 S Ltd., sold to H Ltd., goods costing Rs.15,000 for Rs.20,000. On 31st March, 2014 half of these goods were lying as unsold stock of H Ltd.

Give necessary working notes as part of the answer.

21) The following are the Balance sheets of C Ltd and D Ltd as on 31.03.2004.

Liabilities	C Ltd Rs.	D Ltd Rs.	Assets	C Ltd Rs.	D Ltd Rs.
Share Capital Rs.100	10,00,000	2,50,000	Land & Buildings	7,50,000	1,00,000
P&L A/C	7,50,000	1,25,000	Investments	1,25,000	-----
Current Liabilities	7,50,000	75,000	Current Assets	16,25,000	3,50,000
	25,00,000	4,50,000		25,00,000	4,50,000

C Ltd has agreed to absorb D Ltd on the following terms:

It is assessed that net assets of D Ltd may be taken at Rs.3,62,500 which is to be satisfied by issue of fully paid shares of Rs.100 each by C Ltd at par.

C Ltd investment include 20% of the shares of D Ltd at a cost of Rs.60,000.

Close the books of D Ltd and give journal entries and Balance sheet in the books of C Ltd.