



LOYOLA COLLEGE (AUTONOMOUS), CHENNAI – 600 034

M.Com.DEGREE EXAMINATION – COMMERCE

THIRD SEMESTER – APRIL 2018

16PCO3MC01- ADVANCED CORPORATE ACCOUNTING

Date: 24-04-2018
Time: 09:00-12:00

Dept. No.

Max. : 100 Marks

Section: A

Answer All Questions:

10 x 2 = 20

- 1) What are the fundamental assumptions underlying the preparation of and presentation of financial statements as per AS-1?
- 2) What is a Level 1 enterprise?
- 3) What is contingent asset?
- 4) What do you understand by Substance over form?
- 5) What is Depreciable Asset as per AS-6?
- 6) Give an example for a prior period item.
- 7) Write a short note on Cost of Capital and Minority Interest.
- 8) What is purchase Consideration according to AS14?
- 9) What do you understand by Value Added?
- 10) What is intrinsic Value? How is it computed?

Section – B

Answer any Four only:

4 x 10 = 40

- 11) What is Pooling of Interest Method? Explain its features and significance.
- 12) Give a rough format of a Gross Value Added Statement for a Manufacturing Firm and explain the advantages of value added statement.
- 13) Explain the various methods of valuation of human resources.
- 14) From the following particulars relating to A Ltd Calculate the profit for Managerial Remuneration. and also calculate the maximum commission permissible to Manager and Part time directors. Profit earned by the company during the year ended 31/03.2015 Rs.2,50,000 Depreciation on fixed assets Rs. 47,800 Depreciation admissible as per the income tax rules 32,800 Provision for income tax Rs.1,22,500 Capital expenditure charged in general expenses to P&L A/C Rs.12,500

15) Balance sheet of H.Ltd, and S.Ltd as on 31.12.2016 given below:

Liabilities	H Ltd Rs.	S Ltd Rs.	Assets	H Ltd Rs.	S Ltd Rs.
Share Capital (Rs.1 each)	1,00,000	50,000	Sundry Assets	1,70,000	1,00,000
General Reserve	50,000		4000 shares in S Ltd	50,000	
Profit and Loss a/c	40,000	18,000			
Creditors	30,000	32,000			
	2,20,000	1,00,000		2,20,000	1,00,000

Shares were purchased by H.Ltd. in S.Ltd. on 30th June, 2016. On 1st January, 2016 the balance sheet of S.Ltd. showed loss of Rs.30, 000 which was written off out of the profits earned during 2016. Profits are assumed to accrue evenly throughout the year. Prepare consolidated Balance sheet.

16) A Ltd and B Ltd have agreed upon the values of Assets and Liabilities as shown in the following Balance sheets.

Liabilities	A Ltd Rs.	B Ltd Rs.	Assets	A Ltd Rs.	B Ltd Rs.
Share Capital	20,00,000	10,00,000	Sundry Assets	20,00,000	12,00,000
Reserves	2,00,000	5,00,000	10,000 shares in B Ltd	2,00,000	
			10,000 shares in A Ltd		3,00,000
	22,00,000	15,00,000		22,00,000	15,00,000

Ascertain the amount due to outsiders, if A Ltd and B Ltd decide to amalgamate and form C Ltd. Also show the purchase consideration payable if A Ltd absorbs the B Ltd.

17) When do you recognize revenue in the following cases as per AS-9?

a) Sales of Goods; B) Rendering of services

Section – C

Answer any two only:

2 x 20 = 40

18) Moon and Star Ltd is a company with an authorized capital of Rs.5, 00,000 divided into 5,000 equity

shares of Rs. 100 each on 31.12.2011 of which 2,500 shares were fully called up. The following are the balances extracted from the ledger as on 31.12.2011.

Debit	Rs.	Credit	Rs.
Opening Stock	50,000	Sales	3,25,000
Purchases	2,00,000	Discount received	3,150
Wages	70,000	Profit & loss A/c	6,220
Discount allowed	4,200	Creditors	35,200
Insurance (up to 31.03.2012)	6,720	Reserves	25,000
Salaries	18,500	Loan from managing director	24,700
Rent	11,000	Provision for Doubtful Debts	5,000
General Expenses	8,950	9% Debentures	2,00,000
Printing	2,400	Share capital	2,50,000
Advertisements	3,800		
Bonus	10,500		
Debtors	38,700		
Plant	1,80,500		
Furniture	2,17,100		
Bank	34,700		
Bad debts	3,200		
Call in arrears	5,000		
Interest on Debenture	9,000		
Total	8,74,270	Total	8,74,270

You are required to prepare Profit and Loss Account for the year ended 31.12.2011 and a Balance Sheet as on that date as per schedule III of the companies Act. The following further information is given:

- Closing stock was valued at Rs.1,91,500
- Depreciation on plant at 15% and on Furniture at 10% should be provided.
- A Tax provision of . Rs.8,000 is considered necessary.
- The directors declared an interim dividend on 15.08.2011 for 6 months ending 30th June, 2011 @ 6%. And create a provision for Doubtful Debts@7%.

19) The Balance Sheets of O Ltd and P Ltd as on 31st March, 2015 are as under: (Amount in lakhs)

Liabilities	O Ltd Rs.	P Ltd Rs.	Assets	O Ltd Rs.	P Ltd Rs.
Equity Shares 10 each	25	50	Fixed Assets	110	50
Reserves	131	29.25	Investments	16.25	25
12% Debentures	11	5.50	Current Assets	40.25	3.25
Creditors	8	2.75	Miscellaneous Exp.	8.50	9.25
	175	87.50		175	87.50

Investments of O Ltd represent Rs.1,25,000 shares of P Ltd . Investments of P Ltd are considered worth Rs.30 lakhs, P Ltd is taken over by O Ltd on the basis of the intrinsic value of shares in their respective books of account. Prepare a statement showing the number of shares to be allotted by O Ltd to P Ltd, Journal entries in both books and the Balance Sheet of O Ltd after absorption.

20) Following are the Balance Sheets of H Ltd and its subsidiary S Ltd as on 31st March, 2014.

Liabilities	H Ltd Rs.	S Ltd Rs.	Assets	H Ltd Rs.	S Ltd Rs.
Share Capital (100 each)	10,00,000	4,00,000	Fixed Assets	8,00,000	5,00,000
General Reserve	3,20,000	1,20,000	Stock	2,00,000	1,80,000
P&L A/C	2,80,000	1,80,000	Debtors	80,000	1,50,000
Creditors	1,60,000	1,80,000	Investments:		
			3200 shares in S Ltd at Cost	6,00,000	
			Cash at Bank	80,000	50,000
	17,60,000	8,80,000		17,60,000	8,80,000

H.Ltd. acquired the shares in S.Ltd on 1st Oct.2013. The Profit and loss account of S.Ltd. on 1- 4 - 2013 showed a credit balance of Rs.1, 40, 000 out of which a dividend of 20% was paid for the year 2012-2013 in the month of Oct 2013. H.Ltd credited the dividend to its Profit and Loss account. Sundry creditors of S.Ltd includes Rs.30, 000 for goods supplied by H.Ltd. The closing stock of S.Ltd includes goods worth Rs.12, 000 which were supplied by H.Ltd. at a profit of 25% on cost. Prepare Consolidated Balance Sheet.

- 21) a) What is Contingent Liability as per AS 29?
 b) Write the areas where AS29 is not applicable.
 c) Write down the disclosures requirement of provisions as per AS-29.
 d) Write the accounting treatment of contingent assets.

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