



LOYOLA COLLEGE (AUTONOMOUS) CHENNAI – 600 034

M.Com. DEGREE EXAMINATION – COMMERCE

FOURTH SEMESTER – APRIL 2025



CO 4958 – CORPORATE ACCOUNTS AND ACCOUNTING STANDARDS

Date: 03-05-2025

Dept. No.

Max. : 100 Marks

Time: 01:00 PM - 04:00 PM

Section – A

Answer **ANY FOUR** of the following:

4 x 10 = 40

- 1) Explain any four areas in which different Accounting Policies may be followed.
- 2) Discuss the accounting treatment of Revaluation of Fixed Assets as per AS-10.
- 3) Write a short note on: a) Cost of Control, b) Minority Interest, c) Pre-acquisition profit.
- 4) Distinguish between Net Value Added and Economic Value Added.
- 5) Define Amalgamation, Absorption and Reconstruction.
- 6) Consolidate the following Balance Sheets:

Liabilities	H Ltd Rs.	S Ltd Rs.	Assets	H Ltd Rs.	S Ltd Rs.
Share Capital T1 each	1400	1000	Sundry Assets	200	1800
Creditors	-----	500	900 Shares in S Ltd	1200	-----
Profit and Loss a/c	-----	300	at cost		
	1400	1800		1400	1800

When H Ltd acquired the shares in S Ltd, the profit and loss account of S Ltd had a credit balance of T200.

- 7) L Ltd agreed to absorb the business of M Ltd. The Purchase Consideration was as under:
 - a) For every 4, 10% of preference shares of Rs.10 each in M Ltd, 7 Equity shares of Rs.10 each in L Ltd as Rs.8 paid up. There were 60,000 equity shares in M Ltd
 - b) For every 3 Equity shares Rs.10 each in M Ltd, 8 equity shares in L Ltd as Rs.10 paid up. There were 90,000 equity shares in M Ltd.

Calculate the purchase consideration. Pass the necessary journal entry to account for the purchase consideration and its payment in the books of L Ltd.

- 8) Prepare a Balance sheet as at 31st March 2000 from the following information of A Ltd as required under the Companies Act:

Particulars	Rs.	Particulars	Rs.
Term Loan	10,00,000	Fixed Assets (WDV)	51,50,000
Creditors	11,45,000	Loose Tools	50,000
Advances	3,72,000	Investments	2,25,200
Cash & Bank Balances	2,75,000	General Reserve	20,50,000
Staff Advances	55,000	Capital work in progress	2,00,000
Provision for Tax	1,70,000	Loss of the year	3,58,000
Securities Premium	4,75,000	Debtors	12,25,000
Loans from Directors	2,00,000	Provision for Doubtful Debts	20,200
Stock	4,00,000	Finished Goods	7,50,000

Additional Information:

- 1) A Ltd had 30,000 Equity shares of Rs.10 each fully paid up and 10,000, 12% Preference shares of Rs.100 each fully paid up.
- 2) The term loan is secured
- 3) Depreciation on assets Rs.5,00,000

Section - B

Answer **ANY THREE** of the following:

3 x 20 = 60

- 9) What is Purchase Consideration? Explain the various methods of calculation of Purchase Consideration.
- 10) Explain the method of 'Revenue Recognition' as provided in AS-9.
- 11) Discuss the Merits and Limitations of Preparation of Value Added Statements.
- 12) From the following Balance Sheets relating to H Ltd and S Ltd. prepare a consolidated Balance Sheet.

Liabilities	H Ltd Rs.	S Ltd Rs.	Assets	H Ltd Rs.	S Ltd Rs.
Share Capital of T10 each	10,00,000	2,00,000	Fixed Assets	8,00,000	1,20,000
P & L 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 Receivable	10,000	-----
Bills Payable	-----	30,000	15,000 Shares in S Ltd at cost	1,50,000	
	17,00,000	5,30,000		17,00,000	5,30,000

Additional information:

- 1) All profits of S Ltd have been earned after the shares were acquired by H Ltd, But there was already a reserve of Rs.60,000 on that date.
 - 2) All the bills payable of S Ltd were accepted in favour of H Ltd.
 - 3) The stock of H Ltd includes Rs.50,000 purchased from S Ltd. The profit added was 25% on cost.
- 13) The following is the balance sheet of X Ltd as on 31st March 2016

Liabilities	Rs.	Assets	Rs.
2,00,000 Equity shares of T10 each	20,00,000	Land and Buildings	10,00,000
General Reserve	2,50,000	Plant and Machinery	15,00,000
Dividend Equalisation Reserve	2,00,000	Furniture	25,000
Profit and Loss Account	51,000	Stock	6,00,000
12% Debentures	10,00,000	Work in progress	3,00,000
Creditors	3,00,000	Debtors	2,50,000
		Bank	1,26,000
	38,01,000		38,01,000

The company was taken over by A Ltd on the above date. The consideration for the absorption is the discharge of the debentures at a premium of 5%, taking over the liability in respect of sundry creditors and a payment of Rs.7 in cash and one share of Rs.5 in A Ltd at the market value of Rs.8 per share for every share in X Ltd. The cost of liquidation of Rs. 15,000 is to be met by the purchasing company. Close the books of X Ltd and pass journal entries in the books of A Ltd.

- 14) M Ltd has an authorized capital of Rs.5,00,000 equity shares of Rs.100 each on 31st December 2015 of which 2500 shares were fully called up. The following are the balances extracted from the ledger as on 31st December 2015.

Debit	Rs.	Credit	Rs.
Purchases	2,00,000	Sales	3,25,000
Opening Stock	50,000	Discount Received	3,150
Wages	70,000	Profit and Loss A/C	6,220
Discount Allowed	4,200	Creditors	35,200
Insurance (up to 31/3/2016)	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	1,80,500		
Furniture	17,100		
Bank	34,700		
Bad Debts	3,200		
Calls in arrears	5,000		
	6,60,270		6,60,270

You are required to prepare a Statement of Profit and Loss for the year ended 31/12/2015 and a Balance Sheet as on that date. The following further information is given:

- 1) Closing stock valued at Rs.1,91,500.
- 2) Depreciation on plant at 15% and on furniture at 10% should be provided.
- 3) A Tax provision of Rs.8,000 is considered necessary.
- 4) The directors declared an interim dividend on 15/08/2015 for 6 months ending June 30, 2015 @6%.
- 5) Provide for corporate dividend tax @17%.

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