



PSG COLLEGE OF ARTS & SCIENCE
(AUTONOMOUS)

MCom DEGREE EXAMINATION DECEMBER 2018
(Second Semester)

Branch - **COMMERCE**

CORPORATE ACCOUNTING AND ACCOUNTING STANDARDS

Time : Three Hours

Maximum : 75 Marks

SECTION -A (30 Marks)

Answer **ALL** questions

ALL questions carry **EQUAL** Marks (5 x 6 = 30)

1 a What is a 'share'? List out various kinds of Shares. Explain.

OR

b 'B' Ltd., issued 50,000 equity shares of Rs. 10 each. Pass journal entries in the books of the company when (i) Issued at par (ii) 10% premium and (iii) 5% discount.

2 Calculate goodwill on the basis of three years purchase of last five years' average profit :

I year	4,200
II year	7,800
III year	10,000
IV year	5,000
V year	3,000

OR

b XYZ Co. Ltd has equity share capital as given below :

	Rs.
30,000 Equity shares of Rs. 10 each fully paid up	3,00,000
10,000 Equity shares of Rs. 10 each, Rs. 8 paid up	80,000
Net assets available equity shares holders	4,80,000

Determine the value of both the shares under net asset method.

3 a S Ltd was taken over by R Ltd. The following position was mutually agreed upon :

	S Ltd	R Ltd
No. of shares	60,000	90,000
Face value of shares	100	10
Net assets	3,60,00,000	72,00,000

Ascertain Intrinsic value of the shares.

OR

b Suguna Co. Ltd has been suffering heavy losses in the past. So, it has decided to go for reconstruction scheme by reducing 22,000 Equity shares of Rs. 100 each into Rs. 50 each so as to write off accumulated losses of Rs. 10,70,000. Give journal entries to record the above transaction.

Prepare a consolidated balance sheet from the following balance sheet :

Liabilities	H (Rs.)	S (Rs.)	Assets	H (Rs.)	S (Rs.)
Capital: Re 1 shares	1,400	1,000	Sundry assets	885	1,510
Creditors	350	190	900 shares at cost	1,125	
P & L a/c	260	320			

4 Cont...

b From the following, ascertain unsecured creditors :

	Rs.
Creditors for goods	80,000
Bills payable	8,000
Loan from bank (unsecured)	20,000
Bank overdraft	6,000
Loan on security of Machinery	40,000
Estimated realizable value of machinery	32,000
Bills discounted	31,000 (20% expected to Rank)
Contingent liabilities	25,000 (10% expected to Rank)

5 a Define Accounting Standards. Explain their objectives.

OR

b Explain briefly any four Indian Accounting Standards.

SECTION -B (45 Marks)

Answer any **THREE** questions

ALL questions carry **EQUAL** Marks (3 x 15 = 45)

6 Explain Forfeiture and Reissue of Shares.

7 List out the international accounting standards.

8 M Ltd and N Ltd. Agreed to amalgamate on the basis of the following balance sheet as on 31-3-97 :

Liabilities	M (Rs.)	N (Rs.)	Assets	M (Rs.)	N (Rs.)
Share capital (Rs 25)	75,000	50,000	Goodwill	30,000	-
P & 1 a/c	7,500	2,500	Fixed assets	31,500	38,800
Creditors	3,500	3,500	Stock	15,000	12,000
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 'P' Ltd, at book values. P's Ltd 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 both the companies and remaining preference shares for purchase price.

Pass journal entries and Balance Sheet in the books of P Ltd.

9 The Balance sheet of H Ltd and S Ltd as at 31-12-86 are as follows :

Liabilities	FI (Rs.)	S (Rs.)	Assets	H (Rs.)	S (Rs.)
Share capital (Rs 10)	2,00,000	1,00,000	Sundry assets	1,32,500	1,38,200
General reserve	18,000	20,000	Goodwill	-	20,000
P & 1 a/c	24,500	23,000	Shares in S Ltd at cost	1,40,000	-
Creditors	30,000	15,200			
	2,72,500	1,58,200		2,72,500	1,58,200

In the case 'S' Ltd.s, profit for the year ended 1-12-86 is Rs. 12,000 and transfer to reserve is Rs. 5,000. The holding of the H ltd in S Ltd is 90% acnuired on 30-6-1986.

10 The Balance sheet of 'S' Co Ltd disclosed the following position as on 31-12-98 :

Liabilities	Rs.	Assets	Rs.
6,000 shares of Rs. 150 each	6,00,000	Goodwill	1,65,000
P & L a/c	' 75,000	Investment	5,25,000
General reserve	2,25,000	Sundry debtors	3,90,000
6% debenture	4,50,000	Cash at bank	60,000
Sundry creditors	1,50,000		
Workmen's savings bank a/c	3,00,000		
	<hr/>		<hr/>
	18,00,000		18,00,000
	<hr/>		<hr/>

i) The profit for the past five years	were :	Rs.
	1994	30,000
	1995	70,000
	1996	50,000
	1997	55,000
	1998	95,000

ii) The market value of investment was Rs. 3,30,000.

iii) Goodwill is to be valued at three years purchase of the average annual profit for the last five years.

Find the intrinsic value of each share.

Z-Z-Z

END