22CSP312

PSG COLLEGE OF ARTS & SCIENCE
(AUTONOMOUS)

MCom(CS) DEGREE EXAMINATION DECEMBER 2023
(Third Semester)

Branch – **CORPORATE SECRETARYSHIP**

ADVANCED CORPORATE ACCOUNTING – II

Time: Three Hours — Maximum: 50 Marks

SECTION-A (5 Marks)

Answer **ALL** questions
ALL questions carry **EQUAL** marks (5 x 1 = 5)

1. Expand IFRS
   (i) International Financial Reporting Standards
   (ii) International Finance Accounting Standards
   (iii) Internal Financial Accounting Standards
   (iv) International Financial Accounting Scheme

2. In India the responsibility of developing accounting standards is under taken by the ACB of the institute of
   (i) Chartered Accountant (ii) Cost Accountant
   (iii) Chartered Secretaries (iv) None of them

3. Profit on reevaluation of subsidiary company's assets is
   (i) Realised Profit (ii) Capital Profit
   (iii) Revenue Profit (iv) Pre-acquisition Profit

4. Good will is shown in company's balance sheet under the head:
   (i) Current assets (ii) Investment
   (iii) Fixed assets (iv) Fictitious assets

5. Tax authority for framing accounting standards is
   (i) Accounting Standards Board (ii) Indian Standards Institute
   (iii) ICWA (iv) Institute of CS

SECTION - B (15 Marks)

Answer **ALL** Questions
ALL Questions Carry **EQUAL** Marks (5 x 3 = 15)

6. (a) Discuss the objectives of IFRS.

   (OR)

   (b)Explain briefly about the types of Indian accounting standards.

7. (a) Briefly describe the types of financial reports.

   (OR)

   (b) The provision for the tax at the end of 31.3.2001 stood at Rs.3,00,000.During 2001-02, the tax liabilities upto 31.3.2001 were settled for Rs. 2,74,000 Provision required in respect of 3001-02 is Rs.82,000.How will you show provision for tax in profit & loss A/c?

8. (a) P Ltd., acquired 65% shares of Q Ltd., on 1.10.2019,Profit % Loss A/c in the books Q Ltd showed a debit balance of Rs.40,000 on1.4.2019, the Balance sheet of Q Ltd., showed Profit % Loss A/c balance of Rs.1,20,000.Calculate capital reserve and revenue reserve.

   (OR)

   (b) A Ltd., acquired 8000 shares of B Ltd.,, at Rs.40 per share. The total number of shares of B Ltd., was 10,000. On the date of acquisition B Ltd., had Rs. 20,000 in general reserve and Rs. 10,000 in profit and loss account. Face value of B Ltd., shares Rs.10 each. Calculate cost of control/Goodwill.

Cont...

9. (a) X Ltd has earnings per share of Rs.60 and is quoted as Rs.480 Y Ltd., which is a similar firm has a earnings per share of Rs.48.What should be the value of share of Y Ltd.,

(OR)

(b) Goodwill is to be valued at 3 years purchase of five years' average profits.The profits for the last five years of the firm were: 2014-Rs.2400, 2015-Rs.3000, 2016-Rs.3400, 2017-Rs.3200, 2018-Rs.4000. Calculate the amount of goodwill.

10. (a) Explain the uses of financial statement.

(OR)

(b) State the contents of annual reports.

SECTION -C (30 Marks)

Answer **ALL** questions

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

11. (a) XYZ Ltd., is constructing a building, following are the expenses incurred on the construction.

Particulars	**Rs.**
Materials	1,50,0000
Direct expenses	4,00,000
Total direct labour (10% is chargeable to the construction)	50,00,000
Total office and administration expenses (5%is chargeable to the construction)	8,00,000
Depreciation for the assets used for the construction of this building	15,000

Calculate the cost of fixed assets as per AS 10

(OR)

(b)X ltd., put into production process 2000 kgs of materials. Normal wastage expected is 10% of input, actual production is 1750 kg, total cost of production is 90000., 150 kgs of finished product excluding wastage is in storage. How would you value the stock of finished goods and abnormal loss?

12. (a) The following ledger balance were exacted from the books of Varan 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, Good will 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.

(OR)

(b) Give the format of Balance sheet as per Revised schedule VI.

13. (a) Balance sheets as on 31st March 2020 :

Liabilities	**A Ltd., Rs.**	**B Ltd., Rs.**	**Assets**	**H Ltd., Rs.**	**S Ltd., Rs.**
Shares capital:			Fixed assets	1200	-
(Rs. 10 each)	2,50,000	1,00,000	Current assets		
Reserves	50,000	25,000	100% shares in B Ltd.	200	1800
Creditors	40,000	30,000			
	3,40,000	1,55,000	Preliminary expenses	3,40,000	1,55,000

The shares of B Ltd., were acquired at Rs.117000 on 31.3.2020.Prepare Consolidated balance sheets.

(OR)

13 Cont..

(b) Consolidated the balance sheets:

Liabilities	H Ltd. Rs.	S Ltd. Rs.	Assets	H Ltd. Rs.	S Ltd. Rs.
Capital:			Shares in 'S' Ltd.	1200	-
Re. 1 shares	1,400	1,000	900 shares at cost		
Creditors	-	500	Sundry assets	200	1800
P&L A/c	-	300			
	1,400	1800		1,400	1800

When H Ltd acquired the shares by S Ltd., the Profit and Loss account of the later had a credit balance of Rs. 200.

14. (a) The following is the Balance Sheet of NSC Ltd., as at 31.12.2018

Liabilities	Rs.	Assets	Rs.
4000 10% preference shares of Rs. 100 each	4,00,000	Sundry assets at book value	12,00,000
60000 equity shares of Rs. 10 each fully paid	6,00,000		
Bills payable	50,000		
Creditors	1,50,000		
	12,00,000		12,00,000

The market value of 60% of the assets is estimated to be 15% more than the book value and that of the remaining 40% at 10% less than the book value. There is an unrecorded liability of Rs.10,000. Calculate the value of each equity share (It is to be assumed that preference shares have no prior claim as to payment of dividend or to repayment of capital.

(OR)

(b) Average capital employed in Kansik Ltd., is Rs. 35,00,000 whereas net trading profit before tax for the last 3 years have been Rs.14,75,000; Rs.14,55,000 and Rs.15,25,000.In these 3 years, the managing director was paid a salary of Rs. 10,000 p.m. But now he would be paid a salary of Rs.12,000 p.m. Normal rate of return expected in the Industry in which Causik Ltd., is engaged is 18%.Rate of tax 50%.Calculate goodwill on basis of three years' purchases of the super profits.

15 (a) Explain the objectives of financial reporting.

(OR)

(b) Briefly describe the financial reporting practices in India.

Z- Z-Z END