

PSG COLLEGE OF ARTS & SCIENCE
(AUTONOMOUS)

MCom(CS) DEGREE EXAMINATION DECEMBER 2024
(Third Semester)

Branch – CORPORATE SECRETARYSHIP

ADVANCED CORPORATE ACCOUNTING - II

Time: Three Hours

Maximum: 75 Marks

SECTION-A (10 Marks)

Answer ALL questions

ALL questions carry EQUAL marks

(10 × 1 = 10)

Module No.	Question No.	Question	K Level	CO
1	1	Accounting Standard Board was set up in India in the year a) 1964 b) 1975 c) 1977 d) 1982	K1	CO1
	2	Accounting standard for Amalgamation _____ a) AS-8 b) AS-14 c) AS-20 d) AS-3	K2	CO1
2	3	Salary outstanding appears in the -----side of Balance sheet. a) Asset b) Liability c) Either d) Neither	K1	CO2
	4	Interim dividend is always shown _____. a) In P&L A/C b) In P&L Appropriation a/c c) On the assets side of the B/S d) On the Liabilities side	K2	CO2
3	5	Profits earned by Subsidiary company up to the date of acquisition of shares by the Holding company is called: a) Revenue profits b) Capital profits c) Revolution profits d) Realisation Profits	K1	CO3
	6	The excess price paid by company a holding company to acquire controlling interest in the subsidiary company is transferred to: a) Capital Reverse b) Cost of Control c) Revenue Reserve d) None of the above	K2	CO3
4	7	What is the primary purpose for the valuation of shares? a) To advance a loan against the security of shares b) For purchase of shares by employees where they can retain these shares till the period of their employment c) To purchase a block of shares to acquire control in the company d) All of the above	K1	CO4
	8	Which of the following factors is not affecting the goodwill of a company? a) The location of a company's customers b) The nature of business c) The efficiency of a company's management d) None of the above	K2	CO4
5	9	Preparation of annual report is _____. a) statutory b) non-statutory c) optional d) not necessary	K1	CO5
	10	The value of a partly paid equity share is equal to _____. a) The value of a fully paid-up share minus the calls unpaid per share b) The value of a fully paid-up share divided by the face value of a share c) The value of a fully paid-up share d) None of the above	K2	CO5

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SECTION - B (35 Marks)

Answer ALL questions

ALL questions carry EQUAL Marks

(5 × 7 = 35)

Module No.	Question No.	Question	K Level	CO
1	11.a.	State the needs and objectives of Accounting Standards.	K3	CO1
		(OR)		
	11.b.	Construct the benefits of accounting standards to the accountants and auditors.		
2	12.a.	Nathiya Ltd., has a credit balance on P&L a/c of Rs. 3, 00,000 on 1-4-2000 and the net profit for the year 2000-01 is Rs. 30,00,0000. It was decided that the following decisions be carried out regarding provisions, reserves and dividends: a) General reserve Rs. 3,50,000 b) Investment allowance reserve Rs. 3,50,000 c) Provision for taxation @ 50% d) Dividend equalization fund Rs. 2,00,000 e) Dividend on 10% preference shares of Rs. 20,00,000 f) Dividend at 15% on 3,00,0000 equity shares of Rs. 10 each fully paid. You are required to give P&L Appropriation a/c and give journal entries for payment of dividend.	K4	CO2
		(OR)		
	12.b.	For the year ended 31 December 2019, the profit of Kerbs Ltd. before changing depreciation on fixed assets and managerial commission amounted to Rs. 300,000. Depreciation for the year amounted to Rs. 60,000 and a commission of 10% of the profits (before charging such commission) was payable to the manager. The paid – up share capital of the company consisted of Rs. 1,000,000 divided into 5,000 6% preference shares of Rs. 100 each, along with 50,000 equity shares of \$10 each. Interim dividend @ Rs. 0.50 per share was paid during the year. Brought from the previous year, the credit balance in the P & L a/c was Rs. 35,000. Also, the following appropriations were proposed by the board of directors and subsequently passed at the company's annual general meeting: • To pay the year's dividend on preference shares • To pay a final dividend on equity shares at Rs. 0.50 per share to make a total dividend of Rs.1 per share for the year • To provide for taxation @ 50% on the net profit • To transfer Rs. 25,000 to the general reserve • To carry forward the balance Show the profit and loss appropriation account.		
3	13.a.	X Ltd. Purchased 60 % shares of Y Ltd. on 1.1.2002 when the balance on their P&L A/C and General reserve were Rs.1,50,000 and Rs.1,60,000 respectively. On 31.12.2002, the balance sheet of Y Ltd. Showed P&L a/c balance of Rs. 4, 00,000 and General reserve Rs. 3, 00,000. Calculate capital profit and Revenue profit.	K2	CO3
		(OR)		
	13.b.	XYZ Ltd. purchased 80% shares of ABC Ltd. on 1st January 2011 for ₹1,40,000. The issued capital of ABC Ltd., on 1st January 2011 was ₹1,00,000 and the balance in the P&L was ₹60,000. For the year ending on 31st December 2011 ABC Ltd. has earned a profit of ₹20,000. Arrive Minority interest as on 31st December 2011		

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4	14.a.	The capital employed in a company is Rs. 500000. The normal rate of return is 20%. During the last 4 years the actual returns were 24%, 26%,28% & 30% on capital. The goodwill of the company is taken at 4 years purchase of previous 4 years of average super normal profit. Find the goodwill.	K3	CO4
	(OR)			
	14.b.	Average capital employed in K Ltd., is Rs.35,00,000 whereas net trading profits before tax for the last three years have been Rs.14,75,000,Rs.14,55,000 and Rs.15,25,000.In these three years ,the managing director was paid a salary of Rs.10,000p.m.But now he would be paid a salary of Rs.12,000p.m.Normal rate of return expected in the industry in which K ltd is engaged is 18%.Rate of tax is 50%.Calculate goodwill on the basis of three years purchase of the super profits.		
5	15.a.	Identify the internal users of Accounting information	K3	CO5
	(OR)			
	15.b.	Identify the external users of financial information		

SECTION -C (30 Marks)

Answer ANY THREE questions

ALL questions carry EQUAL Marks

(3 × 10 = 30)

Module No.	Question No.	Question	K Level	CO																																																				
1	16	Simplify the disclosure requirement of AS 1.	K4	CO1																																																				
2	17	The Alfa Manufacturing Company Ltd was registered with the nominal Capital of 6,00,000 of Rs.100 .The balances are <table><tr><td>Calls in arrear</td><td>7,500</td></tr><tr><td>Premises</td><td>3,00,000</td></tr><tr><td>Plant & Machinery</td><td>3,30,000</td></tr><tr><td>Interim Dividend paid on 1.8.96</td><td>37,500</td></tr><tr><td>Stock on 1.1.96</td><td>75,000</td></tr><tr><td>Fixtures</td><td>7200</td></tr><tr><td>Sundry Drs</td><td>87,000</td></tr><tr><td>Goodwill</td><td>25,000</td></tr><tr><td>Cash in hand</td><td>750</td></tr><tr><td>Cash at bank</td><td>39,900</td></tr><tr><td>Purchases</td><td>1,85,000</td></tr><tr><td>Preliminary expenses</td><td>84,865</td></tr><tr><td>General expenses</td><td>16,835</td></tr><tr><td>Freight and carriage</td><td>13115</td></tr><tr><td>Salaries</td><td>14500</td></tr><tr><td>Directors fees</td><td>5725</td></tr><tr><td>Bad debts</td><td>2110</td></tr><tr><td>Bills Payable</td><td>38000</td></tr><tr><td>Debentures interest paid</td><td>9,000</td></tr><tr><td>Subscribed and fully called capital</td><td>4,00,000</td></tr><tr><td>;6% Debenture</td><td>3,00,000</td></tr><tr><td>P & L (Cr)</td><td>14,500</td></tr><tr><td>Sundry Crs</td><td>45,000</td></tr><tr><td>Sales</td><td>4,15,000</td></tr><tr><td>General Reserve</td><td>25,000</td></tr><tr><td>Bad debts reserve (1.1.96)</td><td>3,500</td></tr></table> Prepare Final Accounts making the adjustments: (a)Depreciate Plant &Machinery by 10% (b)Write off Rs.500 from preliminary expenses (c)Provide half years debenture interest due (d)Leave bad and doubtful reserve @5% (e)closing stock Rs.95,000.	Calls in arrear	7,500	Premises	3,00,000	Plant & Machinery	3,30,000	Interim Dividend paid on 1.8.96	37,500	Stock on 1.1.96	75,000	Fixtures	7200	Sundry Drs	87,000	Goodwill	25,000	Cash in hand	750	Cash at bank	39,900	Purchases	1,85,000	Preliminary expenses	84,865	General expenses	16,835	Freight and carriage	13115	Salaries	14500	Directors fees	5725	Bad debts	2110	Bills Payable	38000	Debentures interest paid	9,000	Subscribed and fully called capital	4,00,000	;6% Debenture	3,00,000	P & L (Cr)	14,500	Sundry Crs	45,000	Sales	4,15,000	General Reserve	25,000	Bad debts reserve (1.1.96)	3,500	K5	CO2
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3	18	The following are the balance sheet of H ltd. and its subsidiary S ltd. As on 31.3.2015.						K5	CO3
		Liabilities	H Ltd Rs	S Ltd Rs.	Assets	H Ltd.	S Ltd.		
		Share capital: Rs. 10 each fully paid General reserve Profit & loss a/c Creditors	600000 150000 70000 90000 910000	200000 70000 50000 60000 380000	Machinery Furniture 70% shares in S ltd. At cost Stock Debtors Cash at bank Preliminary expenses	300000 70000 260000 175000 55000 50000 - 910000	100000 45000 - 189000 30000 10000 6000 380000		
H ltd. acquired the shares of S ltd. On 30 th June 2014. On 1 st April 2014, S ltd.'s general reserve and profit & loss a/c stood at Rs. 60000 and 20000 respectively. No part of the preliminary expenses was written off in the year ended 31.3.2015. Prepare consolidated balance sheet of H Ltd. and its subsidiary S Ltd. as on 31.3.2015.									
4	19	The following is the Balance Sheet of NSC Ltd., as on 31 st Dec. 1998						K5	CO4
		Liabilities	Rs		Assets	Rs.			
		4,000 10% pref.shares of Rs.100 each 60,000 equity shares of Rs.10 each Bills payable Creditors	4,00,000 6,00,000 50,000 <u>1,50,000</u> 12,00,000		Sundry Assets at book value	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. Find 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).									
5	20	Examine the contents in Directors Report.						K4	CO5

Z-Z-Z

END