

MCom (CS) DEGREE EXAMINATION MAY 2018  
(Third Semester)

Branch – CORPORATE SECRETARYSHIP

**ADVANCED CORPORATE ACCOUNTING-II**

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 the purpose of Accounting Standard?  
OR  
b Explain the main feature of AS 20.
- 2 a W & Co., Ltd has a credit balance on the P & L a/c of Rs. 3,00,000 on 1-4-2015. And the net profit for the year 2015-16 is Rs. 30,00,000. It was decided that the following decision to be carried out :  
Transfer to  
(i) General reserve – Rs. 3,50,000.  
(ii) Investment allowance reserve – Rs. 3,50,000  
(iii) Provision for taxation @50%  
(iv) Dividend equalization fund - Rs. 2,00,000  
(v) Dividend of 10% on preference share – Rs. 20,00,000  
(vi) Dividend at 15% on 3,00,000 equity share of Rs. 10 each fully paid.  
You are required to draft PL appropriation a/c.

OR

- b What is advance income tax? How it is dealt in the final account of the company?
- 3 a From the following balance sheet as on 31-12-2015, calculate cost of control :

Liabilities	H Co	S Co	Assets	H Co	S Co
Share capital :			Sundry assets	1,32,500	1,38,200
Share of Rs. 10 each fully paid up	2,00,000	1,00,000	Good will	---	20,000
General reserve	18,000	20,000	Share in S Co	1,40,000	---
Profit and loss a/c	24,500	23,000			
Current liabilities	30,000	15,200			
	<b>2,72,500</b>	<b>1,58,200</b>		<b>2,72,500</b>	<b>1,58,200</b>

In the case of S Co., the profit for the year ended 31-12-2015 is Rs. 12,000 and transfer to general reserve Rs. 5,000. The holding company acquire 90% the share on 30<sup>th</sup> June 2015.

OR

- b Consolidate the following balance sheet as on 31-12-2015 :

Liabilities	H Co	S Co	Assets	H Co	S Co
Share capital :			Sundry assets	16,000	10,000
Share of Rs. 1	10,000	5,000	Investment in 5,000 share of S Co	6,000	---
Reserve	5,000	---			
P & L a/c	4,000	1,800			
Creditors	3,000	3,200			
	<b>22,000</b>	<b>10,000</b>		<b>22,000</b>	<b>10,000</b>

H Ltd Co purchase the share of S Co on 30-6-2015. On 1-1-2015, the balance sheet of S Ltd showed a loss of Rs. 3,000.

Cont...

- 4 a From the following, compute the value of goodwill by  
 (i) 3 years purchase of super profit (ii) Capitalizing the super profit  
 Average capital employed is Rs. 3,00,000.  
 Normal rate returns – 12%  
 Profit for the last four year are Rs. 30,000, 40,000, 50,000 and 45,000  
 Non recurring income of Rs. 3,000 is included in the mentioned profit of Rs. 30,000  
 OR

- b From the following balance sheet, you are required to value the equity shares :

Liabilities	Rs.	Assets	Rs.
2,000 6% preference share of 100 each	2,00,000	Assets at the book value	6,00,000
30,000 equity share of Rs. 10 each	3,00,000		
Current liabilities	1,00,000		
	<b>6,00,000</b>		<b>6,00,000</b>

The market value of 50% of the assets is considered as 10% more than the book value and the remaining 50% at less than 5% less than the book value. There was unrecorded liability of Rs. 5,000. Assume preference share have no priority as the repayment of capital and dividend.

- 5 a What do you mean by value added statement?  
 OR  
 b Name any five objectives of financial reporting.

**SECTION -B (45 Marks)**

Answer any **THREE** questions

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

- 6 What is the scope of Indian Accounting Standard?  
 7 From the following , prepare trading and profit and loss account and balance sheet as per revise format for the year ending 31-12-2015 :

Debit	Rs.	Credit	Rs.
Opening stock	50,000	Sales	3,25,000
Purchases	2,00,000	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	Reserve	25,000
Salaries	18,500	Loan from M.D	15,700
Rent	6,000	Share capital	2,50,000
General charges	8,950		
Printing	2,400		
Advertisement	3,800		
Bonus	10,500		
Debtors	38,700		
Plant	1,80,500		
Furniture	17,100		
Bank	34,700		
Bad debts	3,200		
Call in arrears	5,000		
	<b>6,60,270</b>		<b>6,60,270</b>

**Further information :**

- i) Closing stock was valued – Rs. 1,91,500.  
 ii) Depreciation on plant @15% and on furniture @10% should be provided.  
 iii) A tax provision of Rs. 8,000 is consider necessary.  
 iv) The director declared an interim divided on 15-8-2015 for six month ending 30-6-2015 @6%.

- 8 On 31-3-2015, the balance sheet of H Ltd and its subsidiary S Ltd stood as follows :

Liabilities	H Co	S Co	Assets	H Co	S Co
Share capital	8,00,000	2,00,000	Fixed assets	5,50,000	1,00,000
General reserve	1,50,000	70,000	75% share in S Co	2,80,000	---
Profit & Loss	90,000	55,000	Stock	1,05,000	1,77,000
Creditors	1,20,000	80,000	Other assets	2,25,000	1,28,000
	<b>11,60,000</b>	<b>4,05,000</b>		<b>11,60,000</b>	<b>4,05,000</b>

Draw consolidate balance sheet as on 31-03-2015. After taking into consideration the following :

- (i) H Ltd acquired the share on 31-07-2015.  
(ii) S Ltd earned profit of Rs. 45,000 for the year ended 31-03-2015.  
(iii) In January 2015, S Ltd sold goods costing 15,000 for Rs. 20,000. On 31-03-2015 half these goods were lying as unsold stock.

- 9 The following is the balance sheet of Robert Lee Ltd., as on Dec 31, 1998 :

Liabilities	Rs.	Assets	Rs.
Share capital :		Land & Building	1,10,000
20,000 shares of Rs. 10 each	2,00,000	Plant & machinery at cost	
General reserve	40,000	(less depreciation)	1,30,000
Taxation reserve	60,000	Trade marks	20,000
Workmen savings account	30,000	Stock	48,000
Profit & Loss A/c	32,000	Debtors	88,000
Sundry creditors	98,000	Cash	52,000
		Preliminary expenses	12,000
	<b>4,60,000</b>		<b>4,60,000</b>

The Plant & Machinery is worth Rs. 1,20,000 and Land & Buildings have been valued at Rs. 2,40,000 by an independent valued Rs. 8,000 of the debts are bad. The profits of the company have been as follows :

1996 – Rs. 80,000; 1997 – Rs. 90,000 and 1998 – Rs. 1,06,000. It is the company's practice to transfer 25% of the profits to reserve. Ignoring taxation, find out the value of the shares. Similar companies give an yield of 10% on the market value of their shares. Goodwill may be taken to be worth Rs. 1,60,000.

- 10 Describe the quantitative characteristics of financial reporting.

Z-Z-Z

END