

**PSG COLLEGE OF ARTS & SCIENCE
(AUTONOMOUS)**

**MCom / MCom (CA) DEGREE EXAMINATION MAY 2018
(Second Semester)**

**Common to Branches – COMMERCE &
COMMERCE WITH COMPUTER APPLICATIONS**

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 ABC Ltd., invited applications for 2,000 shares of Rs. 100 each at a discount of 10% payable as follows :
- On application – Rs. 25
On allotment – Rs. 30
On First and Final call – Rs. 35
- Whole of the issue was subscribed and paid for except the final call on 300 shares which were forfeited by the company after giving due notice. Pass journal entry for forfeiture of shares.

OR

- b Symcox Ltd., issued 75,000 equity shares of Rs. 10 each and 5,000 Redeemable preference shares of Rs. 100 each all shares being fully called and paid up on 31-3-1992. Profit & Loss account showed undistributed profits of Rs. 3,00,000 and General reserve stood at Rs. 2,50,000. On 1-4-1992, the directors decided to redeem the existing preference shares at Rs. 105 utilizing as much profits as would be required for the purpose.
- You are required to pass journal entries in the books of the company.
- 2 a From the following particulars of Barat Ltd., for the year ended 31-3-2002, calculate the net profit for managerial remuneration :
- | | |
|--|---------------|
| i) Net profit as per P & L a/c is | Rs. 16,00,000 |
| ii) Remuneration and perquisites paid to : | |
| a) Managing director | Rs. 75,000 |
| b) Whole time director | Rs. 60,000 |
| iii) Provision for doubtful debts made during the year | Rs. 30,000 |
| iv) Provision for income tax | Rs. 8,00,000 |

OR

- b Goodwill is to be valued at 3 years purchase of five year's average profits. The profits for the last five years of the firm were :
- | | | |
|-------------------|-------------------|-------------------|
| 2004 – Rs. 2,400; | 2005 – Rs. 3,000; | 2006 – Rs. 3,400; |
| 2007 – Rs. 3,200; | 2008 – Rs. 4,000 | |
- Calculate the amount of goodwill.
- 3 a A Ltd., purchased business of A & Co and agreed to settle and agreed to settle purchase consideration by the allotment of :
- 1000 equity shares of Rs. 10 each at 10% premium to partners
500 10% debentures of Rs. 100 each at par for loan creditors, and
Rs. 50,000 in cash to partners. Calculate purchase consideration.

OR

- b Distinguish between 'Internal' and 'External' Reconstruction.

- Cont...
- 4 a H Ltd., purchased 75% of shares in S Ltd., on 1-7-2011. On 31-12-2011 the balance sheet of S Ltd., showed reserve fund balance on 1-1-2011 Rs. 40,000, profit earned during 2011 Rs. 60,000 and preliminary expenses unwritten off Rs. 20,000. Calculate capital profits and revenue profits.

OR

- b The liquidator of SR & Co Ltd., is entitled to get a remuneration of 3% on the amount realized from the assets and 2% on the amount distributed to the unsecured creditors. From the following particulars calculate the remuneration payable
- i) Cash realized from assets Rs. 3,00,000
 ii) Preferential creditors Rs. 10,000
 iii) Amount due to unsecured creditors Rs. 4,00,000
- 5 a Explain the role of Indian Accounting Standards Board.

OR

- b What are the need for Accounting Standards in India? Explain.

SECTION -B (45 Marks)

Answer any **THREE** questions

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

- 6 Bright Ltd., invited application for 10,000 shares of Rs. 100 each at a discount of 6% payable as follows :
- On application - Rs. 30
 On allotment - Rs. 24
 On first 7 final call - Rs. 40
- Applications were received for 9,500 shares and all these were accepted. All moneys due were received except the final call on 250 shares which were forfeited. 150 of the forfeited shares were reissued at Rs. 80 per shares as fully paid. Assuming that all requirements of the law have been complied with, Pass journal entries in the books of the company and also prepare the balance sheet.
- 7 The following balances were extracted from the books of Chandra Ltd., for the year ended December 31, 1996 :

	Rs.
Buildings	6,00,000
Furniture	60,000
Motor vehicles	60,000
Equity shares of companies	4,00,000
Stock-in-trade at cost	4,00,000
Sundry debtors, unsecured considered goods	2,80,000
Cash at bank	1,72,000
Advance against construction of building	1,30,000
Share capital : 10,000 equity shares of Rs. 100 each	10,00,000
Sundry creditors	3,50,000
Profit and loss a/c (credit)	20,000
Gross profit	10,00,000
Dividend received on investments	10,000
Salaries and wages	2,20,000
Director's fees	8,000
Electricity charges	25,000
Rates, taxes and insurance	10,000
Auditors fees	15,000

Prepare the profit and loss account of the company for the year ended December 31, 1996 and a balance sheet as on that date after considering the following adjustments :

- i) Provide 10% depreciation per annum on fixed assets.

7 Cont...

- ii) Stock has been revalued Rs. 3,60,000. This has not yet been considered
- iii) Debts more than 6 months are Rs. 80,000
- iv) Ignore tax provision.

8 The Balance sheet of A Co., Ltd as on December 31, 2010 was as follows :

Liabilities	Rs.	Assets	Rs.
Share Capital :		Fixed assets	90,000
1,00,000 shares of Re. 1 each	1,00,000	Current Assets	10,000
Sundry liabilities	20,000	P & L A/c	20,000
	-----		-----
	1,20,000		1,20,000
	-----		-----

'B' Co Ltd., absorbed the 'A' Co Ltd and took over all the assets for Rs. 72,000 payable Rs. 50,000 in shares of rupee 1 each and Rs. 22,000 in cash (in order to enable A Co Ltd., to pay off its liabilities and cost of winding up). Show (i) Realization a/c (ii) Shareholders a/c and (iii) Cash a/c in the books of A Co Ltd.

9 Mr. X has been appointed as liquidator of ABC Ltd. Balance sheet at the time of liquidation i.e 1-1-2011 is given below :

Balance sheet of ABC Ltd., as on 1-1-2011

Liabilities	Rs.	Assets	Rs.
Equity share capital (Rs. 10)	2,00,000	Fixed assets	2,00,000
Debentures	1,00,000	Stock	25,000
Loans	50,000	Sundry debtors	1,25,000
Creditors	50,000	Cash	5,000
		Profit & Loss a/c	45,000
	-----		-----
	4,00,000		4,00,000
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Fixed assets are sold for Rs. 1,20,000 to a debenture holder Rs. 40,000 debentures and cash is received after set off. Cash realization from debtors were Rs. 80,000 and liquidation expenses amounted to Rs. 1,000. Liquidator is paid Rs. 1,000 fixed allowance plus 2% commission on collection including cash in hand as remuneration. Stock is sold for Rs. 10,000.

Prepare the liquidators final statement of accounts.

10 Discuss in detail about the (i) Scope of Accounting standards and (ii) Procedure for formulation and issuing of Accounting Standards in India.

Z-Z-Z

END