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Reg. No. : .....

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ALL SAINTS COLLEGE LIBRARY
No.

Fourth Semester B.Com. Degree Examination, May 2021

First Degree Programme under CBCSS

Core Course

CO 1443/CC 1444 : CORPORATE ACCOUNTING

(Common for Commerce/Commerce with Computer Application)

(2015-17 Admission)

Time : 3 Hours Max. Marks : 80

SECTION – A

Answer **all** questions in **one** or **two** sentences each. **Each** question carries **1** mark.

1. What is the scope of Ind AS 2?
2. What is an Investment property as per IAS 40?
3. What are operating expenses?
4. What is Amalgamation?
5. What are the reasons for internal Reconstruction ?
6. What is meant by term 'fair value'?
7. What is meant by basic EPS?
8. What is purchase consideration as per Net payments method ?

P.T.O.

9. What are *Marketable Securities?*

10. What is meant by 'Impairment of assets'?

(10 × 1 = 10 Marks)

SECTION – B

Answer any **eight** questions in not exceeding one paragraph. **Each** question carries **2** marks.

11. Which are the intangible assets not covered under Ind AS 38?

12. What are 'borrowing costs' as per Ind As 23?

13. Which are the method for alteration of share capital?

14. What are the legal requirements for alteration of share capital?

15. What are prepaid expenses?

16. How amalgamation is different from Absorption?

17. What are the merits of amalgamation?

18. What are the general features of Revised Schedule VI?

19. Why diluted Earrings per share is calculated?

20. How shareholder's funds presented in Balancesheet as Revised Schedule VI?

21. What are the methods of alteration of share capital?

22. What are the objectives of Ind AS 36?

(8 × 2 = 16 Marks)

SECTION – C

Answer any **six** questions. **Each** question carries **4** marks.

23. How will you value, as per Ind AS 2, the inventory per kg, of finished goods which consisted of : Material cost : 100 per kg, Direct labour cost : 20 per kg, Direct variable production oh : 10 per kg, Fixed production charges for the year on normal capacity of 10000 kgs. Rs. 1,00,000. At the year-end, 2000 kg. of finished goods are in stock.

24. Ledger Balances of ABC Ltd as on 31st March 2009 are as follows

Fixed Assets Rs. 7 Lakhs, Investments Rs. 10,000, Stock and debtors Rs.8,50,000, preliminary expenses Rs. 20,000, Equity share capital (60% paid) Rs.6,00,000. 10% First Debentures Rs. 2 Lakhs, 12 % Second Debentures Rs.5 Lakhs.Bank OD Rs. 50,000. Trade Creditors (Including Y for Rs. 8,50,000) Rs.11,50,000. Outstanding Interest for one year on both types of debentures Rs.80,000. Due to heavy losses, the following scheme of reconstruction is agreed.

(a) To make the existing Rs. 100 each shares fully paid up and then to reduce them to Rs. 20 each

(b) To settle the claims of first debenture holders by issuing 2,000 13.5% debentures Rs. 100 each

(c) To discharge the claims of the second debenture holders by issuing 15% 4,000 debentures Rs. 100 each

(d) To pay Rs.3 Lakhs to Mr.Y in full settlement of his account

(e) To allot 15,000 fresh equity shares of Rs. 20 each to discharge the remaining trade creditors

(f) Market value of investments is Rs. 20,000

(g) To write off fictitious assets and to reduce the fixed assets. Prepare Post reconstruction Balance sheet.

25. The Balance sheets of X Ltd and Y Ltd as at 31st March 2016 are given below (Rs. In 000)

Equity and liabilities	X Ltd Rs.	Y Ltd Rs.
Share capital : equity shares of Rs.100 each	400	360
General reservers	75	
P and L	38	
Sundray creditors	72	120
Total	585	480
Assets	**X Ltd Rs.**	**Y Ltd Rs.**
Premises	120	120
Sundry debtors	80	160
Stock in trade	300	90
Bank	85	75
P and L		35
Total	585	480

The new company XY Ltd was formed to take over the two businesses entirely on the following understanding

(a) X Ltd premises to be revalued at Rs. 1,50,000. Sundry debtors taken over at 90% and stock at Rs. 3,15,000

(b) Y Ltd goodwill to be taken over at Rs. 1,60,000. Sundry debtors taken over at Rs. 1,50,000 and stock at Rs, 75,000.

It was decided that the capital of XY Ltd would consist of both preference and equity shares of the face value of Rs. 10 each. The preference shares would be of the order of Rs. 4,00,000 the balance would be in equity shares. Both the companies would be issued shares of both the types in equal number, except that the surplus capital of X Ltd would be discharged fully in preference shares.

Indicate the number of shares to be issued to each of absorbed companies and also how the shares in XY Ltd would be distributed to shareholders of X Ltd and Y Ltd.

26. Anand Textiles Ltd has 30,000 equity shares of Rs. 10 each, Rs. 8 per share called up. The company decides to pay off Rs, 3 per share of the paid up capital and to reduce the Rs. 10 shares to Rs. 5 shares fully paid by cancelling the unpaid amount. Show journal entries.

27. Calculate Purchase consideration, based on following information

Liabilities	A Ltd	B Ltd	Assets	A Ltd	B Ltd
Equity share capital (Rs.100 each)	1,50,000	1,25,000	Goodwill	40,000	10,000
General Reserve	32,000		Land and Building	60,000	50,000
P and L a/c	18,000		Debtors	35,000	40,000
Sundry creditors	32,000	18,600	Stock	60,000	12,000
			Bank	37,000	9,600
			P and L a/c		22,000
	2,32,000	1,43,600		2,32,000	1,43,600

A new company AB Ltd was formed to take over the two business on the following conditions. A Ltd. Land and building to be revalued at Rs.75,000 stock at Rs.77,000 and debtors to be taken over at 80%

B Ltd- Stock to be revalued at Rs. 13,000 and debtors to be taken over at 90%

28. What are the salient features of pooling of interest method?

29. For Anand Ltd, the net profit for the year 2010 is Rs. 18 lakhs. Net profit for the year 2011 is Rs. 60 lakhs. The number of equity shares outstanding till 30-09-2010 is 20 lakhs. Bonus issue on 01-10-2011 was 2: 1. Calculate EPS for the year 2011 and adjusted EPS for the year 2010.

30. What are the disclosures required as per AS 20, Earnings per share?

31. Which are the steps in recognition of revenue as per Ind AS 115?

(6 × 4 = 24 Marks)

5

SECTION – D

Answer any **two** questions. **Each** question carries **15** marks.

32. Dhyan ltd incorporated on 1st July 2008 and received certificate of commencement on 1st August 2008, The company purchased the business of M/S Neeli Traders with effect from 1st March 2008. For the year ending March 2009, the following figures are given. Find out profit available for dividends Sales for the year Rs. 6 Lakhs, out of which sales upto 1st March were Rs. 2,50,000. Gross profit for the period was Rs.1,80,000. The expenses debited to P and L a/c were.

	Rs.		Rs.
Rent	9,000	Advertising	18,000
Salaries	15,000	Stationery	3,600
Directors' fee	4,800	Sales commission	6,000
Interest on debentures	5,000	Bad debts (Rs.500 relate to debts created prior to incorpotation)	1,500
Audit fees	1,500	Interest to vendor on purchase consideration upto 1st September 2008	3,000
Discount on sales	3,600	General expense	4,800
Depreciation	24,000		

33. Abhin Ltd give the balances as on 31st March 2009 are as follows

Fixed Assets Rs. 7 Lakhs, investments Rs. 10,000 Stock and debtors Rs. 8,50,000, preliminary expenses Rs.20,000, Equity share capital (60% paid) Rs. 6,00,000. 10% First Debentures Rs. 2 Lakhs, 12% Second Debentures Rs. 5 Lakhs Bank OD Rs.50,000. Trade Creditors (Including Y for Rs. 8,50,000) Rs. 11,50,000. Outstanding Interest for one year on both types of debentures Rs. 80,000. Due to heavy losses, the following scheme of reconstruction is agreed

(a) To make the existing Rs. 100 each shares fully paid up and then to reduce them to Rs. 20 each

(b) To settle the claims of first debenture holders by issuing 2,000 13.5% debentures Rs. 100 each

(c) To discharge the claims of the second debenture holders by issuing 15% 4,000 debentures Rs. 100 each

(d) To pay Rs.3 Lakhs to Mr.Y in full settlement of his account

(e) To allot 15,000 fresh equity shares of Rs. 20 each to discharge the remaining trade creditors

(f) Market value of investments is Rs. 20,000

(g) To write off fictitious assets and to reduce the fixed assets.

Prepare Post reconstruction Balance sheet

34. Timman Ltd and Lal Ltd are amalgamated on 1st April 2009 to form TimmalLal Ltd, to take over the business of the existing companies. The balance sheet of the Timman Ltd and Lal as on 31st March 2009 are as follows:

	Timman Ltd	Lal Ltd		Timman Ltd	Lal Ltd
Share capital Equity shares of Rs.10 each	2,400	1,600	Fixes assets	4,800	3,200
12% preference shares of Rs.100 each	1,200	800	Less – Depreciation	800	600
Capital reserves	800	600		4,000	2,600
General Reserves	1,200	600	Investments	1,600	600
P and L a/c	400	200	Stock	1,200	600
Secured loan	1,600	800	Debtors	1,600	800
Trade creditors	1,200	400	Cash and bank	1,200	600
Tax provision	800	200			
	9,600	5,200		9,600	5,200

Also 1. Preference shareholders of the two companies are issued equivalent number of 15% preference shares of Timman Lal Ltd at an issue price of Rs. 125 per share 2.TimmanLal Ltd will issue one equity share of Rs. 10 each for every share of Timman Ltd and Lal Ltd. The shares are issued at a premium of Rs. 5 per share.

Prepare balance sheet of TimmanLal Ltd, if amalgamation is in the nature of merger

35. Explain different methods of internal reconstruction.

(2 × 15 = 30 Marks)
