

SARASWAT VIDYALAYA'S
SRIDORA CACULO COLLEGE OF COMMERCE & MANAGEMENT STUDIES
KHORLIM, MAPUSA-GOA
T.Y.B.COM SIXTH SEMESTER END EXAMINATION, JUNE 2022
W.E.F 2019-20 CBCS
ACCOUNTING MAJOR VIII: CORPORATE ACCOUNTING AND TAX PLANNING

[Duration :Two Hours]

[Total Marks : 80]

- Instructions:
- 1) Question No.1 is compulsory.**
 - 2) Attempt any 3 questions from Questions no 2 to Questions No 6**
 - 3)Each question carries 20 marks**
 - 4)Mention working note required wherever necessary.**

Q1)The Balance Sheets of H ltd and its subsidiary S ltd on 31st March 2016 were as under:

EQUITY AND LIABILITIES	H ltd(Rs)	S ltd (Rs)
Equity Share Capital of Rs 10 each , fully paid	20,00,000	5,00,000
General Reserve	3,00,000	1,00,000
Profit and Loss A/c		
Balance on 1 st April 2015	4,00,000	2,00,000
Profit for the year ended 31 st March 2016	5,00,000	2,50,000
Creditors	3,00,000	3,00,000
Bills Payable	1,50,000	--
Canara Bank overdraft	2,00,000	--
Total	38,50,000	13,50,000
Assets		
Land and Buildings	6,00,000	--
Plant and Machinery	20,00,000	--
Furniture and Fixtures	90,000	1,00,000
Investment -30,000 shares in S ltd at cost	6,50,000	--
Stock	4,00,000	7,50,000
Sundry Debtors	1,00,000	2,80,000
Bills Receivable	--	1,00,000
Cash in Hand	10,000	15,000
Cash in Dena Bank	--	1,05,000
Total	38,50,000	13,50,000

All the 30,000 shares in S ltd were acquired by H ltd on 1st October 2015.

Bills Receivable held by S ltd are all accepted by H ltd.

Included in debtors of S ltd is a sum of Rs 60,000 owing by H ltd in respect of goods supplied by S ltd.

You are required to prepare a Consolidated Balance Sheet of H ltd and its subsidiary S ltd as at 31st March 2016. Give all your working notes clearly .

20 Marks

Q2)The promoters of Shah ltd took over on behalf of the company a running business with effect from 1st April 2019. The company got incorporated on 1st August 2019.The annual accounts were made up to 31st March 2020 which revealed that the sales for the whole year totaled Rs 50,00,000 , out of which sales till 31st July 2019 were Rs 10,00,000.Gross profit ratio was 20%.

The expenses from 1st April 2019 till 31st March 2020 were as follows: (i) Rent ,Rates and Insurance Rs 90,000 ii)Preliminary expenses Rs 25,000 iii)Discount allowed Rs 15,000 iv)Tax audit fees 40,000 and iv)loss on sale of investment Rs 20,000 (all the investment were sold in April 2019)

20 Marks

You are required to ascertain pre-incorporation and post-incorporation profit for the year ended 31st March 2020.

Q3)

(i)Date of grant of option	1 st April 2015
(ii)Vesting period	3 Years
(iii)Number of options granted	1250 shares
(iv)Market price of the shares	200 per share
(v)Exercise Price	Rs 80 per share
(vi)Nominal Value	Rs 10
viii)Exercise Period	1 year

Assume that there was no change in the number of employees during the vesting period.

i)You are required to calculate the amount to be recognized as expense in each year.

ii)Pass journal entries

20 Marks

Q4.A) The balance sheet of X ltd and Y ltd as on 31.12.2020 were as follows:

Particulars	X ltd	Y ltd
Assets		
Fixed Assets		
Equipment	2,50,000	95,000

Additional information:

On January 1, 2020 , X ltd acquired Shares of Y ltd.

On January 1, 2020 , equipment of Y ltd was revalued by X ltd @ 20% above its book value .Rate of depreciation 5%.

Q1)What is the Book value of Equipment on the date of acquisition?.

Q2)What is a rate of depreciation on Equipment ?

Q3)Find out the Revalued profit/Loss.

Q4)Calculate the Depreciation on Revalued Profit/loss .

5 Marks

B)The following are the extracts from the Balance Sheet of H ltd and S ltd as on 31st March 2012.

EQUITY & LIABILITIES	H ltd (Rs)	S ltd (Rs)
Share Capital:(Equity Shares of Rs 10 each fully paid)	4,00,000	1,00,000
P&L A/c as on 1.4.2011	1,00,000	30,000
Profit for the year	50,000	20,000
Sundry Liabilities	1,50,000	4,00,000
Total	7,00,000	5,50,000
ASSETS		
Sundry Assets	5,00,000	5,50,000
Investment(8000 shares in S ltd acquired on 1.7.2011)	2,00,000	
Total	7,00,000	5,50,000

From the above information , you are required to calculate Capital Profit and Revenue profit.

5 Marks

C) Explain the term Minority Interest with suitable example.

10 Marks

Q5)A)What do you understand by the expression: consolidated of financial statements”. State the advantages and disadvantages of consolidation of financial statements.

10 Marks

B)With the help of an example show the accounting treatment for Revaluation of Assets by Holding Company.

10 Marks

Q6-Answer any four of the following

(4 X 5=20)

- a. Write a short note on Employee Stock option plan ?
- b. Explain what is meant by a wholly owned subsidiary company.
- c. Explain vesting period and Exercise period.
- d. Difference between Pre-incorporation profit and Post-incorporation profit.
- e. How Goodwill and Capital Reserves are treated while preparing consolidated Balance Sheet?

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