

CARMEL COLLEGE OF ARTS, SCIENCE & COMMERCE FOR WOMEN
SEMESTER END EXAMINATION, AUGUST 2020

Semester : VI of T.Y.B.Com Subject : Commerce

Paper name and code : Corporate Accounting & Tax Planning (DSE - 8) - UCOD129

Duration : 2 Hours

Date : 08th August, 2020

Total marks : 30 Marks

- Instructions:** 1. Attempt any 5 questions from Question No. 1
2. Attempt any 4 questions from Question No. 2
3. Working note required wherever necessary.

Q.1. Answer any five of the following questions: (2 marks each × 5 = 10 marks)

- List any six expenses which are allocated on the basis of time.
- Jupiter Co. Ltd. was incorporated on 1st July, 2018 to acquire a running business with effect from 1st April, 2018. The sales for the year amounted to ₹ 24,00,000/- out of which ₹ 4,80,000/- were for the first six months. Calculate the sales ratio.
- Explain the term vesting period in Employee Stock Option Scheme.
- What are the consequences of failure to exercise options?
- Explain the term intrinsic value.
- Explain the accounting treatment of Losses (prior to incorporation).
- Explain the meaning of holding and subsidiary company.
- Explain any two advantages of consolidation of financial statements in Holding and Subsidiary company.

Q.2. Answer any four of the following questions: (5 marks each × 4 = 20 marks)

- i. Following is the abstract of Balance Sheet items of H Ltd. and S Ltd. as on 31st March, 2018:

Particular	H Ltd. ₹	S Ltd. ₹	Particular	H Ltd. ₹	S Ltd. ₹
Share Capital @ ₹ 100 /- each	1,000,000.00	600,000.00	Investment 4000 shares @ ₹ 100/-	500,000.00	-
12% Debentures	200,000.00	-	Stock	220,000.00	65,000.00
P & L A/c (Profit)	80,000.00	40,000.00	Bank	560,000.00	575,000.00
	1,280,000.00	640,000.00		1,280,000.00	640,000.00

H Ltd. acquired share in S Ltd. on 1st April, 2017. You are required to prepare a consolidated Balance Sheet of H Ltd. and its subsidiary S Ltd. as on 31st March, 2018.

ii. Following is the abstract of Balance Sheet items of P Ltd. and Q Ltd. on 31st March, 2019:

Particular	P Ltd. ₹	Q Ltd. ₹	Particular	P Ltd. ₹	Q Ltd. ₹
Share Capital @ ₹ 10/- each	550,000.00	200,000.00	Investment shares 12000 @ ₹ 10/-	150,000.00	-
P & L A/c (Profit)	80,000.00	40,000.00	Land	300,000.00	150,000.00
Bill Payable	60,000.00	50,000.00	Plant & Machinery	280,000.00	198,000.00
Creditors	50,000.00	80,000.00	Cash	10,000.00	22,000.00
	740,000.00	370,000.00		740,000.00	370,000.00

You are required to prepare a consolidated Balance Sheet of P Ltd. and its subsidiary Q Ltd. as on 31st March, 2019.

iii. Mr. Andrew formed a private limited company under the name of Amber Pvt. Ltd. to take over his existing business as from 1st April, 2018. Amber Pvt. Ltd. was incorporated on 1st August, 2018. The combined Profit & Loss Account items are as under:

Heads of Account	Dr ₹	Cr ₹
Opening Stock	500,000.00	
Purchases	120,000.00	
Office Salaries	200,000.00	
Audit Fees	50,000.00	
Rent and Rates	72,000.00	
Telephone Expenses	36,000.00	
Preliminary Expenses	80,000.00	
Sales		1,558,000.00

Additional Information:

- Sales upto 31st July, 2018 were ₹ 6,00,000/-
- Stock on 31st March, 2019 was ₹ 80,000/-
- The preliminary expenses are to be written off.
- Telephone expenses vary in direct proportion to sales.

You are required to prepare Profit and Loss Account for the year ended on 31st March, 2019, apportioning the profit or loss of the periods before and after incorporation.

- iv. Amol Pvt. Ltd. was incorporated on 1st March, 2018 to acquire a running business with effect from 1st January, 2018.

The following is an abstract of the Profit and Loss Account for the year ended 31st December, 2018:

Particulars	₹	Particulars	₹
Salaries	144,000.00	Gross Profit	800,000.00
Rent and Rates	50,400.00		
Preliminary Expenses	150,000.00		
Bad Debts (No cash Sales)	12,000.00		
Selling and Distribution	72,000.00		
Audit Fees	24,000.00		
Insurance	16,000.00		

Additional Information:

- a) Sales for the year was ₹ 12,00,000/-, whereas sales incurred by the company after incorporation was ₹ 9,00,000/-.

Prepare a statement showing the Profit made before and after incorporation.

- v. XYZ Ltd. grants 1000 employee stock options on 1st April, 2012 at ₹ 50/- ,when the market price is ₹ 150/- . The vesting period is 3 years and the maximum exercise period is one year. All employees have exercised their option. Pass necessary journal entries giving suitable narrations.

- vi. Godreg Ltd. has its share capital divided into equity shares of ₹ 10 each. On 1st April, 2014, it granted 2000 stock options at ₹ 80 per share, when the market price was ₹ 200 per share. The vesting period is 2 ½ years and the maximum exercise period is one year. All options were exercised on 30th June, 2017.

Pass necessary journal entries giving suitable narrations.
