

**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 : 08<sup>th</sup> 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 1<sup>st</sup> July, 2018 to acquire a running business with effect from 1<sup>st</sup> 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 31<sup>st</sup> 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
	<b>1,280,000.00</b>	<b>640,000.00</b>		<b>1,280,000.00</b>	<b>640,000.00</b>

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

ii. Following is the abstract of Balance Sheet items of P Ltd. and Q Ltd. on 31<sup>st</sup> 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
	<b>740,000.00</b>	<b>370,000.00</b>		<b>740,000.00</b>	<b>370,000.00</b>

You are required to prepare a consolidated Balance Sheet of P Ltd. and its subsidiary Q Ltd. as on 31<sup>st</sup> 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 1<sup>st</sup> April, 2018. Amber Pvt. Ltd. was incorporated on 1<sup>st</sup> 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 31<sup>st</sup> July, 2018 were ₹ 6,00,000/-
- Stock on 31<sup>st</sup> 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 31<sup>st</sup> March, 2019, apportioning the profit or loss of the periods before and after incorporation.

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

The following is an abstract of the Profit and Loss Account for the year ended 31<sup>st</sup> 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 1<sup>st</sup> 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 1<sup>st</sup> 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 30<sup>th</sup> June, 2017.

Pass necessary journal entries giving suitable narrations.

\*\*\*\*\*