**SRI VENKATESWARA UNIVERSITY : TIRUPATI**

**B. A (ACCOUNTANCY) – SEMESTER V - SYLLABUS**

**1. ACCOUNTING**

 5.2 Goods and Services Tax Fundamentals

 5.3 Advanced Corporate Accounting

**2. CORPORATE ACCOUNTING**

 5.4. Accounting & Auditing Standards

 5.5 Accounting for Govt. Entities

***Note***: ***Candidates can select any one of the above electives***

 ***75 marks university examination and 25 marks internal***

***1-5-103***

***CORPORATE ACCOUNTING***

**DSC 5.4 ACCOUNTING & AUDITING STANDARDS**

**Unit-I: Introduction:** Significance ofAccounting Standards - National and International Accounting Standards - Accounting Standards in India.

**Unit-II: Accounting Standards (AS-1 to AS-16):**AS-1: Disclosure of Accounting policies – AS-2: Valuation of inventories –AS-3: Cash flow statement – AS-4: Contingencies in balance sheet – AS-5: Net profit or loss, prior period items and changes – AS-6: Depreciation Accounting – AS-7: Construction Contracts – AS-9: Revenue Recognition – AS 10: Accounting for Fixed assets - AS-11: Effects of changes in foreign exchange rates- AS-12: Accounting for government grants – **AS-13: Accounting for investments** – AS-14: Accounting for Amalgamation – AS-15: Employee benefits – AS-16: Borrowing costs .

**Unit-III: Accounting Standards (AS17 to AS-32):**– AS-17: Segment reporting – AS-18: Related party disclosures – AS-19: Leases – AS-20: Earning per share - AS-21: Consolidated financial statements – AS-22: Accounting for taxes – AS-23: Accounting for investments – AS-24: Discontinuing operations – AS-25: Interim Financial Reporting – AS-26: Intangible assets – AS-27: Financial reporting of interests in joint ventures – AS-28: Impairment of assets – AS-29: Provisions, Contingent liabilities and assets; AS-30: Financial Instruments: Recognition and Measurement; AS-31: Financial Instruments: Presentation – AS-32:Financial Instruments: Disclosures.

**Unit-IV: Auditing Standards:** Procedure - International Federation of Accountants - Auditing and Assurance Standards Board - Indian Auditing Standards (issued so far) Overview.

**Unit-V: International Financial Reporting Standards (IFRS):** Origin - Procedure - International Accounting Standards Board - Adoption in India.

**REFERENCES:**

1. Taxman’s Students’ Guide to Accounting Standards, D. S. Rawat, Taxman Publications.

2. Compendium of Statements and Standards on Accounting, The Institute of Chartered Accountants of India, New Delhi.

3. British Accounting Standards, Ronal Leach and Edward Stamp, Woodhead Faulkner Ltd, Cambridge.

4. T. P. Ghosh, Accounting Standards and Corporate Accounting Practices, Taxman Publications.

**1-5-104**

**DSC 5.5 ACCOUNTING FOR GOVERNMENT ENTITIES**

**Unit-I: General Principles** - Government Accounting System - Consolidated Fund of India - Comparison with Commercial Accounting system.

**Unit-II: Role of Comptroller and Auditor General of India** - Role of Public Accounts Committee, Review of Accounts - Civil and Commercial Entities.

**Unit-III: Government Accounting Standards** issued by Government Accounting Standards Advisory Board (GASAB) - Adoption and Review.

**Unit-IV: Financial Reporting** in Public Sector Undertakings and Government Companies.

**Unit-V: Case Studies**: Railway Accounts - Defense Accounts - CPWD Accounts, etc.

**References:**

1. Jain, S.P., Narang, K.L., Advanced Accountancy (Vol-1), Kalyani Publishers, Ludhiana.
2. Paul Marcus Fischer, William James Taylor & Rita Hartung Cheng, Advanced Accounting, Cengage Learning, USA.
3. K.K. Bhardwaj, Public Accounting and Auditing (office of the Comptroller and Auditor General of India), Mittal Publications, New Delhi.
4. Mortimer A. Dittenhofer, Applying Government Accounting Principles, LexisNexis.
5. Warren Ruppel, Governmental Accounting: Made Easy, John Wiley & Sons, INC., USA.
6. A Mukherjee & M. Hanif, Modern Accountancy, Tata McGraw Hill Publishing Company Limited, New Delhi.
7. K. B. Verma, Reading in Indian Railway Finance, Academic Foundation, Delhi.

***1-5-102***

***ACCOUNTING***

**5.3 ADVANCED CORPORATE ACCOUNTING**

**Unit I :**  **Accounting standards** – Importance of accounting standards in the procedure of accounting – List of Indian accounting standards – objectives of accounting standards Board and scope of accounting standards. – Accounting Standard 1:Disclosure of Accounting policies Accounting Standard 9: Revenue Recognition – Accounting standard 10 : Fixed assets (Theory only)

**Unit II – Amalgamation :**  meaning – calculation of purchase consideration – Methods – Accounting procedure in preparation of journal entries and Balance sheet (simple problems only)

**Unit III – Internal Reconstruction -**  Necessity of internal Reconstruction – Importance – Procedure for reducing share capital – Journal entries and preparation of Revised Balance sheet.

**Unit IV : Liquidation :**  Meaning and modes of Liquidation in corporate accounts – Voluntary Liquidation – Procedure for preparation of Liquidator’s statement of account – calculation of liquidator’s remuneration (Simple problems)

**Unit V : Holding companies :**  Definition of Holding Company and subsidiary company – Preparation of consolidated Balance Sheet of Holding company having ONE subsidiary company only - with common transactions, Minorities Interest, Capital Reserve, Revenue Profits Prior and post acquisition of shares by holding companies (Simple Problems)

Sri Venkateswara University

Model Question Paper

**III B.Com / B.A**

**Semester – V, November, 2017**

 ***DSC 3E 5.3 – Advanced Corporate Accounting.***

Time: 3 Hours Max. Marks: 75

**Section A**

 Answer any **Five** of the following Questions

  **(5 x 3= 15 Marks)**

**Section-A**

1. Answer any five of the following questions.
2. Define Accounting standards e)Internal Reconstruction
3. Going concern concept f)Liquidators Remuneration
4. What do you mean by Amalgamation g)Subsidiary company
5. Purchase consideration h) Minority share holders Interest

**Section-B**

1. Answer one questions from each unit.

**Unit-1**

 2) Explain the importance / Objective of accounting standards? Name any 5 Accounting

 Standards?

(Or)

 3) What is meant by Accounting concepts and conventions ? Explain any 5 concepts.

**Unit-II**

 4) Godavari Ltd.. and Krishna Ltd. decided to Amalgamate and A new company is formed in the name of Go-Krishna Ltd. The new company is to take over both companies on 31-3-2017.

 The balance sheet of both companies as follows.

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Liability  | Godavari Ltd. Rs. | Krishna Ltd. Rs. | Assets | Godavari Ltd. Rs. | Krishna Ltd. Rs |
| Share capitalRs.10 fully paidReserve fundsProfit & Loss a/cdiv. Equalisation fundsWorkman’s compensation fundBank overdraftSundry CreditorsBills Payable | 5,00,0002,00,00030,000-20,000-1,00,00050,000 | 3,00,0001,50,00050,0001,00,000-50,0001,20,00030,000 | GoodwillLand & BuildngPlant & MachineryPatents &Trade MarksStockSundry DebtorsBills ReceivableCash at bank | 1,00,0002,50,0002,00,000-2,00,0001,00,000-50,000 | 80,0001,90,0002,55,00052,5001,50,00050,00020,0002,500 |
|  | 9,00,000 | 8,00,000 |  | 9,00,000 | 8,00,000 |

Show how the amount payable to each company is arrived at and prepare the amalgamated Balance sheet of Godavari, Krishna Ltd.. Assuming amalgamation is done in the nature of purchase.

(Or)

5) Following is the Balance sheet of Mr. Venkatesh Ltd. as on 31 March 2017

|  |  |  |  |
| --- | --- | --- | --- |
| Liabilities  | Rs | Assets | Rs |
| Capital Bank LoanBills PayableCreditors | 42,50020,0006,70010,800 | Freehold PremisesFurnitureMotor vanStockBills receivableDebtorscash | 25,0003,50012,80013,2005,40018,7001,400 |
|  | 80,000 |  | 80,000 |

On the above date the entire business was taken over by Deva Dhana Ltd.. The purchase consideration was paid as under.

1. 3,000 fully paid Rs.10 shares
2. The balance in cash

While recording the assets, the company valued the premises and stock at 10% and 20% above their book value respectively. Find out purchase consideration and pass necessary entries in the books of the Ding Dong Bell Ltd.. And show its Balance sheet after takeover of the business.

**Unit-III**

6) The following is the Balance sheet of Vikaash Ltd.. as at 31st March 2014.

|  |  |  |  |
| --- | --- | --- | --- |
| Liabilities  | Rs | Assets | Rs |
| Share Capital 20,000 Equity shares of rs.10 each, fully paid up10% Non-cumulative preference shares of Rs.100 each fully paid up8% Debentures trade creditors Creditors for Expenses | 2,00,00050,0001,00,0003,30,00020,000 | BuildingsMachineryPatentsInventoriesDebtorsPreliminary expensesProfit and loss account | 2,00,0001,30,00040,00080,00055,00010,0001,85,000 |
|  | 7,00,000 |  | 7,00,000 |

 With a view to reconstruct the company, it is proposed.

1. To reduce (i) Equity shares by Rs.9 each.(ii) 10% Preference shares by Rs.40 each.(iii) 8% Debentures by 10%,(iv) Trade Creditor’s claims by one- third ,(v) Machinery to Rs.70,000 and (vi) Inventories by Rs. 10,000,
2. To provide Rs. 15,000 for bad debts
3. To write off all the intangible assets; and
4. To raise the rate of preference dividend to 13 % and the rate of debenture interest to 13.5%.

Assuming that the aforesaid proposals are duly approved and sanctioned, pass the journal entries to give effect to the above, and show the company’s post reconstruction Balance sheet.

**(Or)**

 7) The summarized Balance sheet of Anjana Company as at 31-3-2017 was as follows:

|  |  |  |  |
| --- | --- | --- | --- |
| Liabilities  | Rs | Assets | Rs |
| Authorized and issued capital:20000 Equity shares of Rs. 10 each fully paid10,000 6% cumulative Pref.shares of Rs. 100 each fully paid Bank overdraftSundry creditors(note : The cumulative Preference Dividend is three years in arrear) | 20,00,00010,00,0007,00,0005,00,000 |  GoodwillPatents and Trade marksLand and BuildingsPlant and MachineryStocks ( Investment)Sundry debtorsIssue and Preliminary expensesProfit and Loss a/c | 2,00,0001,00,00015,00,00010,00,0004,00,0003,00,0001,00,0006,00,000 |
|  | 42,00,000 |  | 42,00,000 |

A scheme for the reduction of capital was approved on the following terms:

1. The preference shareholders agree that their shares be reduced to a fully paid value of Rs. 50 each and to accept equity shares of Rs.5 each fully paid in lieu of the dividends arrears.
2. The Equity shareholders agree that their shares be reduced to a fully paid value of Rs.5 each.
3. The authorized capital of the company is to remain at 30,00,000 divided into 4,00,000 Equity shares of Rs.5 each and 20,000.6% Cumulative preference shares of Rs.50 each.
4. All the intangible assets are to be eliminated and bad debts of Rs..50,000 and obsolete shares of Rs.80,000 are to be written off.

Give journal entries necessary to record the reduction of capital and draw up a new Balance sheet after the scheme has been carried through.

**UNIT-IV**

 8) Trimoorthy Co. Ltd. was placed in voluntary liquidation on 31st December 2016.
 When its balance sheet was as follows.

|  |  |  |  |
| --- | --- | --- | --- |
| Liabilities | Rs | Assets |  Rs. |
| Issued share Capital:50.000 Equity shares of Rs.10 each fully Paid less calls in arrear amounting to Rs. 25,000 6,000 5% cumulative preference shares ofRs.100 each fully paidShare premium account5% Debenture accountInterest on DebenturesBank OverdraftCreditors | 4,75,0006,00,00050,0001,00,0002,50058,0001,15,000 | Freehold factoryPlant and MachineryMotor VehiclesStockDebtorsProfit & Loss Account | 5,80,0002,89,00057,5001,86,00074,0002,14,000 |
|  | 14,00,500 |  | 14,00,500 |

The Preference dividends are in arrears from 2013 onwards.

The company’s articles provide that on liquidation, out of the surplus assets remaining after payment of liquidation cost and outside liabilities, there shall be paid firstly all arrears of preference dividend, secondly the amount paid up on the Preference shares together with a premium thereon of Rs.10 per share, and thirdly any balance then remaining shall be paid to the equity share holders.

The Bank overdraft was guaranteed by the directors who were called upon by the Bank to discharge their liability under the guarantee. The directors paid the amount to the Bank

The liquidator realized the assets as follows

 **Rs.**

Freehold Factory 7,00,000

Plant and Machinery 2,40,000

Motor Vehicles 59,000

Stock 1,50,000

Debtors 60,000

Calls in Arrears 25,000

Creditors were paid less discount of 5 per cent. The debenture and accured interest were repaid on 31st march 2003.

Liquidation costs were Rs 3,820 and the Liquidator’s remuneration was 2 per cent on the amounts realized.

Prepare the liquidator’s statement of account

**(Or)**

9) Nagarjuna do.Ltd.. Went into liquidation with the following liabilities.

Secured creditors Rs.40,000 (securities realized Rs.50,000)

Preferential creditors Rs.1,200

Unsecured creditors Rs.61,000

Liquidation expenses Rs.500

The liquidator is entitled to a remuneration of 3% on the amount realilsed (including securities in the hands of secured creditors) and 1 ½% on the amount distributed to unsecured creditors. The various assets (excluding the securities in hand of the secured creditors) realized are Rs.52, 000.

Prepare the liquidator’s statement of account showing the payment made to the unsecured creditors.

**UNIT V**

10) The following are the Balance sheet of Hemanth Ltd.. and its subsidiary Sabari Ltd.. as at 31st March 2017.

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Liabilities |  H Ltd. Rs. | S Ltd. Rs. | Assets | H Ltd. | S Ltd. Rs. |
| Fully paid equity shares of Rs.10 eachGeneral reserveProfit & Loss a/c Creditors | 6,00,0003,40,0001,00,00070,000 | 2,00,00080,00060,00035,000 | MachineryFurniture80% shares in S Ltd., at costStock DebtorsCash in Bank | 3,90,00080,0003,40,0001,80,00050,00070,000 | 1,35,00040,000-1,20,00030,00050,000 |
|  | 11,10,000 | 3,75,000 |  | 11,10,000 | 3,75,000 |

The following additional information is provided to you:

1. Profit & Loss account of Sabari Ltd. stood at Rs.30,000 on 1 st April 2016 whereas general reserve has remained unchanged since that date.
2. Hemanth Ltd.. acquired 80% shares in Sabari Ltd. on 1st October,2016 for Rs. 3,40,000 s mentioned above.

You are required to prepare consolidated balance sheet as at 31st march, 2017. Show all calculations clearly.

**(Or)**

11) From the Balance sheet given below prepare a consolidated balance sheet of Maruthi Ltd. and its subsidiary, Garuda Ltd.. as on 31-3-2017.

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  Liabilities | Maruthi Ltd.. Rs. | Garuda Ltd.. Rs | Assets | Maruthi Ltd.. Rs. | Garuda Ltd.. Rs |
| Share Capital of Rs. 10 eachTrade CreditorsGeneral ReserveProfit & Loss A/c | 1,20,00015,00025,00012,000 | 30,0005,0006,0009,000 | Free hold Building at costPlant & Mach.Stock at costTrade DebtorsBank BalanceShare in Garuda Ltd.. 2000 shares of Rs.10 each | 72,00030,00018,00022,0005,00025,000 | 25,00010,0003,0007,0005,000- |
|  | 1,72,000 | 50,000 |  | 1,72,000 | 50,000 |

At the date of acquisition by Maruthi Ltd.. of its holding of 2000 shares in Garuda Ltd.. the latter company had undistributed profits and reserve amounting to Rs.5000, none of which has been distributed since the date of acquisition.

**1-5-101**

**5.2 GOODS & SERVICE TAX FUNDAMENTALS**

**Unit I**: Introduction: Overview of GST - Concepts – Limitations of VAT – Justification of GST Need for Tax Reforms - Advantages at the Central Level and State Level on introduction of GST

**Unit II**: GST:Principles – Models of GST: Austrlian, Candian, Kelkar-Shah – BagchiPoddar – Comprehensive structure of GST model in India: Single, Dual GST– Transactions covered under GST.

**Unit-III**:Taxes and Duties: Subsumed under GST - Taxes and Duties outside the purview of GST: Tax on items containing Alcohol – Tax on Petroleum products - Tax on Tobacco products - Taxation of Services

 **Unit-IV:** Inter-State Goods and Services Tax: Major advantages of IGST Model – Interstate Goods and Service Tax: Transactions within a State under GST – Interstate Transactions under GST - Illustrations.

 **Unit-V:** Time of Supply of Goods & Services: Value of Supply - Input Tax Credit – Distribution of Credit -Matching of Input Tax Credit - Availability of credit in special circumstances- Cross utilization of ITC between the Central GST and the State GST.

 **REFERENCES:**

 1. Goods and Services Tax in India – Notifications on different dates.

 2. GST Bill 2012.

 3. Background Material on Model GST Law, Sahitya Bhawan
 Publications, Hospital Road, Agra - 282 003.

 4. The Central Goods and Services Tax Act, 2017, NO. 12 OF 2017
 Published by Authority, Ministry of Law and Justice, New Delhi, the
 12thApril, 2017.