

**Goa Vidyaprasarak Mandal's
GOPAL GOVIND POY RAITURCAR COLLEGE OF COMMERCE AND
ECONOMICS, PONDA-GOA
B.COM. (SEMESTER-VI) EXAMINATION, JULY 2021
CORPORATE ACCOUNTING AND TAX PLANNING (DSE 7B)**

Duration: 2 Hours

Max. Marks: 30

Instructions:

- 1) All questions are compulsory.*
- 2) Figures to the right indicate the maximum marks allotted to the questions.*
- 3) Give working notes wherever necessary.*

Q. 1) Answer any **five from the following: (5 x 2=10)**

- a) Holding company
- b) Fully owned subsidiary
- c) Pre - acquisition profit
- d) Post – acquisition profit
- e) Employee stock option plan
- f) Vesting period
- g) Decision on repair or replace
- h) Objectives of tax planning

Q. 2) Answer any **four from the following: (4 x 5 = 20)**

- a) Distinguish between Accounting Standard – 21 and Indian Accounting Standard - 110.
- b) Explain the tax planning for purchase of an asset out of own or borrowed funds and make or buy a component.
- c) Prepare a format of consolidated balance sheet of the holding company.
- d) Raj Ltd. acquired 40,000 shares of Taj Ltd. for ₹ 5,50,000 on 1st April, 2019. The share capital of Taj Ltd is divided in to 60,000 shares of ₹10 each. Taj Ltd. had undistributed profit of ₹ 75,000 on the date of acquisition. Calculate the Cost of control and minority interest from the above information.

contd....2/-

- e) ARK Ltd. was incorporated on 1st April, 2019 to acquire the business of ASK Ltd. from 1st January, 2019. The purchase consideration to the vendor will be paid on 31st December, 2019. Prepare a statement showing the profit earned during the pre and post acquisition periods from the following particulars:

	<u>₹</u>
Sales	
- Up to March	2,00,000
- Up to December	8,00,000
Gross profit	2,00,000
General expenses	80,000
Director's fees	14,000
Formation expenses	5,000
Advertising expenses	5,000
Interest to the vendor @ 5%	4,000

- f) Rawan Ltd has its share capital divided in to equity shares of ₹ 10 each. On 1st April, 2018, it granted 10,000 employee stock options at ₹ 60 per share. The market price of the share was ₹ 110. The options were to be exercised between 10th April, 2019 to 25th April, 2019. The employees exercised their options for 8,000 shares only. The remaining options were lapsed. The company closes its books on 31st March of every year. Show journal entries with suitable narration as would appear in the books of the company up to 31st March, 2020.

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