

C 42721

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Name.....

Reg. No.....

SECOND SEMESTER M.Com. DEGREE (REGULAR/SUPPLEMENTARY)  
EXAMINATION, APRIL 2023

(CBCSS)

M.Com.

MCM 2C 06—ADVANCED CORPORATE ACCOUNTING

(2019 Admission onwards)

Time : Three Hours

Maximum : 30 Weightage

**Part A**

*Answer any **four** questions.  
Each question carries 2 weightage.*

1. What is consolidated financial statement ?
2. What is non-controlling interest ?
3. What is compulsory winding up ?
4. What is deferred tax liability ?
5. P Ltd. Having 8000 shares of Rs. 10 each fully paid up decides to return its member Rs. 3 per share and make shares as Rs. 7 each fully paid up. Write the journal entry.
6. What is operating lease ?
7. Define human resource accounting ?

(4 × 2 = 8 weightage)

**Part B**

*Answer any **four** questions.  
Each question carries 3 weightage.*

8. Differentiate between merger and acquisition.

**Turn over**

9. The following is the summarized balance sheet of X Ltd as on 31<sup>st</sup> March 2019 :

<i>Liabilities</i>	Rs.	<i>Assets</i>	Rs.
12,000, 10 % preference shares of Rs. 100 each	12,00,000	Goodwill	90,000
24,000 equity shares of Rs. 100 each	24,00,000	Land and Building	12,00,000
10 % Debentures	6,00,000	Plant and Machinery	18,00,000
Bank overdraft	6,00,000	Stock	2,60,000
Sundry creditors	3,00,000	Debtors	2,80,000
		Cash	30,000
		Profit and Loss A/c	14,00,000
		Preliminary expenses	40,000
	51,00,000		51,00,000

On the above date, the company adopted the following scheme of reconstruction.

- 1 The equity shares are to be reduced to shares of Rs. 40 each fully paid up and preference shares are to be reduced to fully paid shares of Rs. 75 each.
- 2 The debenture holder took over the stock and debtors in full satisfaction of their claim.
- 3 The land and building are to be appreciated by 30 % and the plant and machinery is to be depreciated by 30 %.
- 4 The fictitious and intangible assets are to be eliminated.
- 5 Expenses on reconstruction amounted to Rs. 5,000.

Give journal entries incorporating the above scheme of reconstruction.

10. What are the different types of leases ?

11. From the data below, calculate the gearing adjustment required under CCA.

	Opening	Closing
Convertible debentures	200	240
Bank overdraft	120	160
Cash	20	60
Paid-up share capital	300	400
Reserves	100	160

Cost of sales adjustment	40
Monetary working capital adjustment	30
Depreciation adjustment	<u>10</u>
Total of Adjustment	80

12. Explain the scope of social responsibility accounting.
13. X Ltd (the lessee) entered into a lease agreement with Y Ltd., (the lessor) to purchase a machinery for Rs. 12,00,000 on 1<sup>st</sup> April 2019 (FMV of the asset as on 1<sup>st</sup> April 2019 Rs. 15,00,000). The lease agreement provided for the following terms Lease tenure - 36 months rate of interest - 10 % Annual lease rental - Rs. 5,00,000 guaranteed residual value - Rs. 2,00,000 Calculate the unearned finance income.
14. What are the different adjustments needed under CCA ?

(4 × 3 = 12 weightage)

**Part C***Answer any two questions.**Each question carries 5 weightage.*

15. Z Ltd went into voluntary liquidation on 31<sup>st</sup> December 2019. Balance sheet of the company as on that date stood as follows :

<b>I. Equity and Liabilities</b>		
i) Share capital		
20,000, 10 % cumulative preference shares of Rs. 100 each, fully paid up	20,00,000	
10,000 equity shares of Rs. 100 each, Rs. 75 paid up	7,50,000	
30,000 equity shares of Rs. 100 each, Rs. 60 paid up	<u>18,00,000</u>	45,50,000
ii) Reserves and surplus		
Surplus Account (Negative balance)		(11,25,000)

**Turn over**

iii) Non-current liabilities		
15 % debentures secured by floating charge		10,00,000
iv) Current liabilities		
Trade payables	12,75,000	
Outstanding interest on debentures	<u>1,50,000</u>	<u>14,25,000</u>
<b>Total</b>		<b><u>58,50,000</u></b>
<b>II. Assets</b>		
i) Non-current assets		
Land and Building	10,00,000	
Plant and Machinery	25,00,000	
Furniture and Fixtures	<u>4,00,000</u>	39,00,000
ii) Current Assets		
Stock	5,50,000	
Trade Receivables	11,00,000	
Cash and Bank balance	3,00,000	<u>19,50,000</u>
<b>Total</b>		<b><u>58,50,000</u></b>

## Other information :

- i) Preference share dividends are in arrears for the last two years.
- ii) Trade payable include preferential creditors of Rs. 1,52,000.
- iii) The assets were sold and realized as follows : Land and Building : Rs. 12,00,000, Plant and Machinery : Rs. 20,00,000, Furniture and Fixtures : Rs. 3,00,000, Stock : Rs. 6,00,000, Trade Receivables : Rs. 8,00,000.
- iv) Expenses of liquidation were Rs. 1,09,000.
- v) Liquidator is entitled to receive commission of 3 % on assets realized except cash.
- vi) Preference shareholders have right to dividend at the time of liquidation.
- vii) The final payment including those on debentures is made on 30<sup>th</sup> June, 2019. Prepare liquidators' final statement of account

16. P Ltd is the holding company of Q Ltd. The balance sheets of both companies as on 31st march 2019 is given below :

	P Ltd	Q Ltd
<b>I. Equity and Liabilities</b>		
1 Shareholders fund		
a) Share capital (Shares of Rs. 10 each)	2,50,000	50,000
b) Reserves and surplus		
General reserves (01-04-2018)	1,05,000	25,000
Profit and loss a/c (01 -04-2018)	22,500	10,000
Profit for the year	42,500	11,250
2 Current Liabilities		
Sundry creditors	60,000	23,000
Bills payable	20,000	15,000
<b>Total equity and Liabilities</b>	<b>5,00,000</b>	<b>1,34,250</b>
<b>II. Assets</b>		
1 Non-current assets		
Tangible assets		
a) Fixed assets		
Land and Building	1,00,000	25,000
Plant and machinery	1,25,000	25,000
Goodwill	75,000	17,500
b) Investments	50,000	
2. Current assets		
Debtors	75,000	33,625
Bills receivables	5,000	7,500
Inventory	50,000	10,125
Bank	15,000	12,500
Cash	5,000	3,000
<b>Total Assets</b>	<b>5,00,000</b>	<b>1,34,250</b>

Turn over

P Ltd acquired 3,000 shares of Q Ltd of the face value of Rs. 10 each at a price of Rs. 42,500 on 01-04-2018. Out of the debtors and bill receivable of P Ltd Rs. 12,500 and Rs. 4,000 respectively, represented those due from Q Ltd. the stock in the hands of Q Ltd includes goods purchased from P Ltd at Rs. 5,000 which includes profit charged by P Ltd at 25 % on cost. Both the companies have proposed 10 % dividend for 2018-19. Prepare a consolidated balance sheet.

17. Blue Ltd and Star Ltd were amalgamated on and from 1<sup>st</sup> April 2019. A new company called Yellow star Ltd. was formed to take over the business of the above said companies. Balance sheets of Blue Ltd. and Star Ltd. as on 31<sup>st</sup> March 2019 are given under :

	Blue Ltd	Star Ltd
<b>I. Equity and Liabilities</b>		
1. Shareholders fund		
a) Share capital		
15 % preference shares of Rs. 100 each	800	600
Equity shares of Rs. 100 each	2,000	1,600
b) Reserves and surplus		
Revaluation reserves	200	160
General reserves	400	300
Surplus account	160	120
2. Non- current liabilities		
12 % debentures of Rs. 100 each	192	160
3. Current liabilities	<u>408</u>	<u>190</u>
<b>Total equity and Liabilities</b>	<u>4,160</u>	<u>3,130</u>
<b>II. Assets</b>		
1. Non-current assets		
Fixed assets	2,400	2,000
2. Current assets	<u>1,760</u>	<u>1,130</u>
<b>Total Assets</b>	<u>4,160</u>	<u>3,130</u>

- i) Preference shareholders of Blue Ltd. and Star Ltd. have received same number of 15 % preference shares of Rs. 100 each in the new company.
- ii) 12 % debentures of Blue Ltd. are discharged by the new company by issuing adequate number of 16 % debentures of Rs. 100 each to ensure that they continue to receive the same amount of interest.
- iii) Yellow star Ltd. has issued 1.5 equity shares for each equity share of Blue Ltd. and 1 equity share for each equity share of star Ltd.

The face value of shares issued by Yellow star Ltd. is Rs. 100 each Prepare the balance sheet of Yellow star Ltd. as on 1<sup>st</sup> April 2019 after the amalgamation has been carried out using the pooling of interest method.

18. What is forensic accounting ? Explain the importance and benefits of forensic accounting ?

(2 × 5 = 10 weightage)