

C 23291

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Name.....

Reg. No.....

**SECOND SEMESTER M.Com. DEGREE (REGULAR/SUPPLEMENTARY)  
EXAMINATION, APRIL 2022**

**April 2021 Session for SDE/Private Students**

(CBCSS)

Master of Commerce

MCM 2C 06—ADVANCED CORPORATE ACCOUNTING

(2019 Admission onwards)

Time : Three Hours

Maximum : 30 Weightage

**General Instructions**

**Covid Instructions are not applicable for Pvt/SDE students**

1. *In cases where choices are provided, students can attend **all** questions in each section.*
2. *The minimum number of questions to be attended from the Section / Part shall remain the same.*
3. *The instruction if any, to attend a minimum number of questions from each sub section / sub part / sub division may be ignored.*
4. *There will be an overall ceiling for each Section / Part that is equivalent to the maximum weightage of the Section / Part.*

**Part A**

*Answer any **four** questions.*

*Each question carries 2 weightage.*

1. What is Forensic Accounting ?
2. What is Finance Lease ?
3. What do you mean by 'Deficiency Account' ?
4. Who is Contributory ?
5. Define Environment Accounting.
6. What is Non-Controlling interest ?
7. Explain the term 'Conglomerate Merger'.

(4 × 2 = 8 weightage)

**Turn over**

**Part B**

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

8. Information relating to two Companies is as follows :

	A Ltd	B Ltd
Number of Shares	50,000	25,000
Profit after Tax	Rs. 3,00,000	Rs. 1,00,000
EPS	Rs. 6	Rs. 4

A Ltd is considering the purchase of B Ltd in exchange of one share in A Ltd for every two shares held in B Ltd. You are required to show the impact of merger on earnings per share assuming that there would be synergy benefits equal to 20 percentage increase in the present earnings after tax due to merger.

9. The over-Confident Ltd went into liquidation with the following liabilities :

Secured Creditors Rs. 20,000 (Securities realised Rs. 25,000)

Preferential Creditors Rs. 600

Unsecured Creditors Rs. 30,500

Liquidation expenses in connections with liquidation amounted to Rs. 252. The liquidator is entitled to a remuneration of and three percent on every amount realised and one and half percent on amount distributed to unsecured creditors except preferential creditors. The various assets (excluding securities in the band of fully secured Creditors) realised Rs. 26,000.

Prepare Liquidator's Final Statement of Account.

10. H Ltd acquired 20,000 (4/5) equity shares of S Ltd of Rs. 100 each on 31<sup>st</sup> March 2020. Balance Sheets of H Ltd and S Ltd as on 31st March 2021 were as follows :

	H Ltd (Rs.)	S Ltd (Rs.)
<b>I. Equity and Liabilities :</b>		
<b>A) Shareholders Funds :</b>		
a) Share Capital shares of Rs. 100 each	80,00,000	25,00,000
b) Reserves and Surplus Reserves	30,00,000	5,00,000
Surplus account	10,00,000	1,00,000
<b>B) Current Liabilities :</b>		
Creditors	20,00,000	5,00,000
<b>Total equity and Liabilities</b>	<b>1,40,00,000</b>	<b>45,00,000</b>

	H Ltd (Rs.)	S Ltd (Rs.)
II. Assets :		
1) Non-Current Assets :		
a) Fixed Assets	70,00,000	25,00,000
b) Investments (20,000 shares in 'S' Ltd)	30,00,000	
2) Current Assets	40,00,000	20,00,000
Total Assets	1,40,00,000	45,00,000

S Ltd had a credit balance of Rs. 5,00,000 in the reserves and Rs. 2,00,000 in the surplus account when H Ltd acquired the shares in S Ltd. S Ltd issued bonus shares at one for every five shares held out of post acquisition profits. Prepare Consolidated Balance Sheet.

11. R Ltd (Lessee) acquired a machinery on lease from S Ltd (Lessor) on January 1<sup>st</sup> 2018. The lease term covers the entire economic life of the machinery; that is, 3 years. The fair value of machinery on January 1<sup>st</sup> 2018 is Rs. 3,50,000. The lease agreement requires the lessee to pay amount of Rs. 1,50,000 per year beginning December 31<sup>st</sup> 2018. The lessee has guaranteed a residual value of Rs. 11,400 on December 31<sup>st</sup> 2020 to the lessor. The lessor however estimates that the machinery will have a salvage value of only Rs. 10,000 on December 31<sup>st</sup> 2020. The implicit rate of interest is 15% per annum. Compute the value of machinery to be recognised by the lessee and also the finance charges every year on the basis of a Indian A.S.-17 PV factor of 15% in three years is 2.283.
12. What do you mean by inflation accounting ? Give its advantages and disadvantages.
13. Explain the objectives of Human Resource Accounting.
14. Explain the techniques used by forensic accountant to examine frauds.

(4 × 3 = 12 weightage)

### Part C

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

15. Following information is extracted from the books of limited company on June 30, 2012 on which date a winding up order was made.

		Rs.
Cash in hand	..	4,050
Book debts	Rs.	
Good	.. 75,000	
Doubtful		
(Estimated to produce 40%)	..	15,000

**Turn over**

Bad	9,000	99,000
Stock in trade (estimated to produce 1,19,350)	..	1,44,000
Freehold Land and Buildings (estimated to produce 3,91,000)	..	3,30,000
Plant and Machinery (estimated to produce 1,06,000)	..	1,50,000
Fixtures and Fittings (estimated to produce 15,000)	..	25,000
Equity shares capital 40,000 shares of Rs.10 each	..	4,00,000
10% preference shares capital 6,000 shares of Rs.100 each	..	6,00,000
Calls in arrears on equity shares (estimated to produce 4,000)	..	8,000
9% first mortgage debentures, secured by a floating charge on whole assets of company	..	4,00,000
Creditors fully secured (value of shares in A Ltd Rs. 80,000)	..	70,000
Creditors partly secured (value of shares in B Ltd Rs. 40,000)	..	80,000
Preferential creditors.	..	15,000
Bank OD secured by a second charge on whole of the assets of the company	..	40,000
Unsecured Creditors	..	5,20,000
Estimated liability on bills discounted	..	20,000
Prepare statement of Affairs.		

16. The ledger balances of X Co. as on 31<sup>st</sup> March 2021 are as follows :

Fixed Assets Rs.7,00,000, Investment Rs. 10,000 Stock and Debtors Rs. 8,50,000, Equity share capital (60% paid) Rs. 6,00,000 10% first Debentures Rs. 2,00,000,12% second Debentures Rs. 5,00,000,Bank Overdraft Rs. 50,000, Trade Creditors (including Y for Rs. 8,50,000) Rs. 11,50,000. Outstanding interest for one year on both types of debentures Rs. 80,000.

Due to heavy losses, the following scheme of reconstruction is agreed.

- a) To make the existing Rs. 100 equity shares fully paid up and then to reduce them Rs. 20 each.
- b) To settle the claims of first debenture holders by issuing 2,000, 13.5% debenture of Rs. 100 each.
- c) To discharge the claims of second debenture holders by issuing 15% 4000 debentures of Rs. 100 each.
- d) To pay Rs. 3,00,000 to Mr.Y in full settlement of his account.

- e) To allot 15000 fresh equity shares of Rs. 20 each to discharge the remaining trade creditors.  
 f) Market value of investment is Rs. 20,000 and  
 g) To write off the fictitious assets and to reduce the fixed assets.

Assuming all formalities are duly complied with, pass necessary journal entries to give effect to the above scheme and prepare the post reconstruction Balance Sheet.

17. The following Balance Sheets are presents to you as on 31<sup>st</sup> March 2021.

	H Ltd (Rs.)	S Ltd (Rs.)
<b>I. Equity and Liabilities :</b>		
1) Share holders Funds :		
a) Share capital shares of Rs. 100 each	5,00,000	2,00,000
b) Reserves and Surplus :		
General Reserves	1,00,000	
Surplus account	80,000	
2) Non-Current Liabilities		-1,00,000
6% Debentures	—	
3) Current Liabilities :		1,00,000
Trade creditors	75,000	45,000
Loan from H Ltd	—	50,000
<b>Total equity and Liabilities</b>	<b>7,55,000</b>	<b>2,95,000</b>
<b>II. Assets :</b>		
1) Non-Current Assets :		
a) Fixed Assets	3,03,000	2,00,000
b) Investments		
6% debentures in S Ltd of par	60,000	
1500 shares in S Ltd at Rs. 80	1,20,000	
2) Current Assets :		
Stock	90,000	40,000
Debtors	60,000	30,000
Bank	75,000	25,000
Loan to S Ltd	47,000	
<b>Total Assets</b>	<b>7,55,000</b>	<b>2,95,000</b>

**Turn over**

H Ltd acquired the shares on August 1st 2020. Surplus Account showed a debit balance of Rs. 1,50,000 on April 1st 2020. During June 2020 goods costing Rs. 6,000 were destroyed by fire and insurer paid only Rs. 2,000. Trade creditors of S Ltd include Rs. 20,000 for goods supplied by H Ltd on which the later company made a profit of Rs. 2,000. Half of the goods were still in stock. The difference in amount in loan account of H Ltd and S Ltd is due to interest not yet recorded in the books of H Ltd. Prepare Consolidated Balance Sheet.

18. Discuss briefly the important approaches to the valuation of human resources.

(2 × 5 = 10 weightage)