

C 4693

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Name.....

Reg. No.....

**SECOND SEMESTER M.Com. DEGREE (REGULAR/SUPPLEMENTARY)  
EXAMINATION, APRIL 2021**

(CBCSS)

M.Com.

MCM 2C 06—ADVANCED CORPORATE ACCOUNTING

(2019 Admissions)

Time : Three Hours

Maximum : 30 Weightage

**General Instructions**

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. *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 non-controlling interest ?
2. Define Social Responsibility Accounting.
3. What is Current Purchasing Power Accounting (CPPA) ?
4. What is fugitive goodwill ?
5. What is Deferred Tax Assets ?
6. ABC & Co. Ltd. had on 31<sup>st</sup> December, 2019, 80000 Equity shares of Rs. 10 each, Rs. 8 per share Called-up. In June, 2020 the company decided to reduce it to Rs. 8 per share fully paid-up by cancelling unpaid amount of Rs. 2 per share. You are required to pass necessary journal entry to give effect to the above arrangement.
7. X Ltd. agreed to take over the business of Y Ltd. on the following terms :
  - (a) Shareholders of Y Ltd. are to be paid Rs. 50 in cash and two shares of Rs. 20 each in X Ltd. for every share of Y Ltd. has 20,000 equity share outstanding.
  - (b) The Debenture Holders holding 10,000 debentures of Rs.50 each are to be redeemed at a premium of 10%.
  - (c) Cost of liquidation amounting to Rs. 50,000 are to be borne by X Ltd.

Compute the Purchase Consideration.

(4 × 2 = 8 weightage)

**Turn over**

**Part B**

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

8. What is Human Resource Accounting ? What are the important approaches for valuation of human resources ?
9. What is Purchase Consideration ? Explain the various methods used for calculation of purchase consideration.
10. What are the differences between Operating Lease and Financial Lease ?
11. What is Green Accounting ? Explain the advantages of Green Accounting.
12. A firm has started its business with a capital of Rs. 5,00,000. It has purchased fixed assets worth Rs. 2,50,000 in cash. It has kept Rs. 1,30,000 as working capital and incurred Rs. 1,20,000 on recruitment, training and developing the engineers and a few workers. The value of engineers and workers is assessed as Rs. 4,00,000. Prepare Balance sheet (including Human Resources).
13. The following scheme of reconstruction has been approved for Y Ltd :
  - (i) The shareholders to receive in lieu of their present holding of 1,20,000 shares of Rs. 10 each, the following :
    - (a) Fully paid ordinary shares of Rs. 10 each, Rs.5 paid up equal to 1/3 pf their holding.
    - (b) 15% preference shares of Rs. 100 each equal to ½ the amount of the above new ordinary shares.
    - (c) Rs. 3,00,000,16% debentures of Rs. 100 each.
  - (ii) The goodwill which stood at Rs. 4,00,000 was written down to Rs. 2,50,000 and machinery was reduced by Rs. 60,000.
  - (iii) Rs. 70,000 in the debit of profit and loss account was written off and the balance in the capital reduction was transferred to Capital Reserve account.

Give journal entries in the books of the company for the implementation of the above scheme.

14. From the following information, calculate the amount of Gearing Adjustment in case of a company which has a capital mix of 40% debt and 60% equity.

Particulars	Amt. Rs.
Depreciation Adjustment	2,000
Cost of Sales Adjustment	1,000
Monetary Working Capital Adjustment	1,000
Total	4,000

(4 × 3 = 12 weightage)

**Part C**

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

15. What is Forensic Accounting ? What are the differences between Traditional Accounting and Forensic Accounting ?
16. H Ltd. acquired Rs. 12,000 Equity shares in S Ltd. on 01.04.2019. The summarized Balance sheets of H Ltd. and its subsidiary S Ltd. as on 31<sup>st</sup> March 2020 are as follows :

	A Ltd. Rs.	B Ltd. Rs.
Equity and Liabilities		
Share Capital (share of Rs.10 each)	3,00,000	45,000
General Reserve (01.04.2016)	1,00,000	2,000
Profit and Loss Account	90,000	36,000
Creditors	10,000	20,000
Total	5,00,000	1,03,000
Assets		
Freehold premises	1,65,000	31,000
Machinery	70,000	29,000
Investments in B Ltd.	1,05,000	
Stock	62,000	18,000
Debtors	35,000	14,000
Cash	63,000	11,000
Total	5,00,000	1,03,000

- (a) The creditors of A Ltd. include Rs. 5,000 due to B Ltd. for purchases on which the latter company made a profit of Rs. 1,000.
- (b) The stock of A Ltd. includes Rs. 3,000 of the above purchases from B Ltd. You are required to prepare the Consolidated Balance sheet as on 31.03.2020.
17. The following is the Balance sheet of Rocky Ltd. :

	Amt. Rs.
Equity and Liabilities	
Share Capital :	
10,000 Equity Shares of Rs. 10 each	1,00,000
Profit & Loss	35,000
12% Debentures	50,000
Creditors	15,000
	2,00,000

**Turn over**

Assets	
Goodwill	20,000
Fixed Assets	82,500
Current Assets	97,500
	<b>2,00,000</b>

Priya Ltd. agreed to take over assets at 10 % less than book value (excepting goodwill, one fixed asset valued at Rs.20000 and cash Rs.5000 included in the Balance sheet as above). The Priya Ltd. agreed to pay Rs.30000 for goodwill and to discharge the trade creditors and debentures.

The purchase consideration was to be discharged by the issue of 10000 shares of Rs. 10 each, Rs. 8 called at market value of Rs. 10 per share and the balance in cash. Cost of liquidation amounted to Rs. 2,000. You are required to :

- (i) Calculate purchase consideration.
- (ii) Give journal entries to close the books of Rocky Ltd.

18. The following particulars relate to a limited company which has gone into voluntary liquidation. You are required to prepare the Liquidator's Final Statement of Account allowing for his remuneration @ 2% on amount realised and 2% on the amount distributed among unsecured creditors than preferential creditors.

The assets realised the following sums :

Land and Building	100000
Plant and Machinery	93250
Fixtures and Fittings	5000

The liabilities of the company were :

Preferential creditors	50000
Unsecured creditors	160000
Debentures	50000
Equity share capital	250000

(25000 shares of Rs. 10 each)

The liquidation expenses amounted to Rs. 5,000.

(2 × 5 = 10 weightage)