

Name.....

Reg. No.....

**SECOND SEMESTER M.A./M.Sc./M.Com. DEGREE EXAMINATION**  
**JUNE 2020**

(CBCSS)

M.Com.

**MCM 2C 06—ADVANCED CORPORATE ACCOUNTING**  
**(2019 Admissions)**

: Three Hours

Maximum : 30 Weightage

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

1. What do you mean by Single Sources Documents ?
2. Who is a Contributory ?
3. What is Internal Reconstruction ?
4. What is Deferred Tax Liability ?
5. Define Operating Lease.
6. What do you mean by Accounting for Price Level Changes ?
7. What is Social Accounting ?

(4 × 2 = 8 weightage)

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

Discuss detection techniques used in Forensic Accounting.

Give journal entries for the following transactions in connection with the internal reconstruction :

- (a) 10,000 Equity Shares of ₹ 10 each fully paid, reduced to shares of ₹ 5 each fully paid.
- (b) 100, 8% Debentures of ₹ 1,000 each converted into 500, 6% Debentures of ₹ 100 each.

Turn over

- (c) The debit balance of P and L A/C ₹ 50,000 and the preliminary expenses of ₹ 10,000 were written-off.
- (d) The value of Plant and Machinery and Stock were written-down by ₹ 20,000 and ₹ 10,000 respectively.

10. Y Ltd. availed a lease from Z Ltd conditions of the lease terms are as under :

- (a) Annual lease rent : ₹ 40,000 at end of each year.
- (b) Lease period : 5 years
- (c) Guaranteed residual value : ₹ 14, 000
- (d) Fair value at the inception (beginning) of lease : ₹ 1,50,000

Interest rate implicit on lease is 12.6%. The present value factor at 12.6% are 0.89, 0.79, 0.7, 0.622, 0.522 at the end of first, second, third, fourth and fifth year respectively.

Show journal entry to record the assets taken on finance lease in the books of the lessee.

11. Distinguish between Pooling of Interest Method and Purchase Method.
12. The following particulars relate to a limited company which has gone into voluntary liquidation. You are required to prepare the Liquidator's final account allowing for his remuneration @2% on the amount realized on the assets and 2% on the amount distributed to unsecured creditors other than preferential creditors :

	₹
Unsecured Creditors	: 2,24,000
Preferential Creditors	: 70,000
Debentures	: 75,000

The assets realized the following sums :

	₹
Cash in Hand	: 20,000
Land and Buildings	: 1,30,000
Plant and Machinery	: 1,10,500
Fixtures and Fittings	: 7,500

The liquidation expenses amount to ₹ 2,000. A call of ₹ 2 per share on the partly paid 10,000 equity shares was made and duly paid except in case of one shareholder owing 500 shares.

M/s Eagle Ltd. gives you the following information as on 31-3-2019 :

- The company has charged depreciation of ₹ 6,45,600 in its books of accounts, while as per income tax computation, the depreciation available to the company is ₹ 7,64,100.
- The expenses of ₹ 6,85,500 has been charged to P and L Account which are disallowed under the income tax Act.
- The company has debited share issue expenses of ₹ 5,46,400, which will be available for deduction under the income tax Act for the next year.
- The company has made provision for doubtful debts for ₹ 45,600 during the year.
- The company has made donation of ₹ 3,00,000, which has been debited to P and L a/c and 50% thereof will be allowed as deduction as per income tax law. You are required to compute the deferred tax assets and deferred tax liability as on 31-03-2019. The tax rate applicable is 30%.

What are the aims and functions of Environmental Accounting ?

(4 × 3 = 12 weightage)

### Part C

Answer any two questions.

Each question carries 5 weightage.

What do you understand by the term "Interest Rate Implicit on Lease" ? Calculate the Interest Rate Implicit on Lease from the following details :

Annual lease rent	:	₹ 80,000 at the end of each year
Lease period	:	5 years
Guaranteed residual value	:	₹ 40,000
Unguaranteed residual value	:	₹ 24,000
Fair value at the inception of the lease	:	₹ 3,20,000

Discounted rates for the first 5 years are as below :

@ 10%	0.909	0.826	0.751	0.683	0.621
@ 14%	0.877	0.769	0.675	0.592	0.519

Turn over

16. Balance sheet of H Ltd. and S Ltd. on 31 March, 2019 were as follows :

	H Ltd (₹)	S Ltd (₹)
<b>I. Equity and liabilities</b>		
1. Shareholders' funds		
a) Share Capital :		
Equity shares of ₹100 each	10,00,000	4,00,000
10% Preference shares of ₹ 100 each	—	1,00,000
b) Reserves and Surplus :		
General Reserve	1,00,000	50,000
Surplus Account :		
Balance on 1-4-2018	40,000	30,000
Profit for 2018-19	2,00,000	80,000
2. Current Liabilities		
Creditors	1,50,000	70,000
<b>Total Equity and Liabilities</b>	<b>14,90,000</b>	<b>7,30,000</b>
<b>II. Assets</b>		
1. Non-current Assets		
a) Fixed Assets :		
Land and Building at Cost	3,10,000	1,60,000
Machinery less 10% Depreciation	2,70,000	1,35,000
b) Investments 3,000 Shares in S Ltd.	4,50,000	—
2. Current Assets		
Stock at Cost	2,20,000	1,50,000
Sundry Debtors	1,55,000	90,000
Cash and Bank Balance	85,000	1,95,000
<b>Total</b>	<b>14,90,000</b>	<b>7,30,000</b>

H Ltd acquired 3,000 Equity Shares in S Ltd. on 1<sup>st</sup> October 2018. As on the date of acquisition ; H Ltd. found the value of Land and Building and machinery of S Ltd. should be ₹ 1,50,000 and ₹ 1, 92,500 respectively. Prepare the Consolidated Balance Sheet of H Ltd. and its subsidiary S Ltd. as on 31<sup>st</sup> March, 2019 taking into consideration the fact that assets are to be taken at their proper values.

The balance sheet of A Ltd. and B Ltd. as on 31<sup>st</sup> March 2019 were as follows :

	A Ltd. (₹)	B Ltd. (₹)
<b>Equity and liabilities</b>		
Share capital		
5,000, Preference share of ₹ 10 each	50,000	—
Equity share of ₹10 each	1,50,000	50,000
Investment Allowance Reserve	30,000	12,000
General Reserve	80,000	—
Profit and Loss (Surplus A/C)	60,000	20,000
Creditors	5,000	2,000
	3,75,000	84,000
	A Ltd. (₹)	B Ltd. (₹)
<b>Assets</b>		
Goodwill	—	7,000
Patents	20,000	—
Land and building	1,40,000	—
Plant and machinery	1,50,000	—
Motor vehicles	15,000	25,000
Furniture	7,000	2,500
Investments	11,000	—
Stock	20,000	27,000
Debtors	8,000	16,500
Bank	4,000	6,000
	3,75,000	84,000

Turn over

A new company AB Ltd. was formed to acquire the assets and liabilities of A Ltd. and B Ltd. of following terms.

- (a) AB Ltd. have an authorized capital of ₹ 5,00,000 divided into 40,000 equity shares of ₹ 10 each and 10,000 10% preference shares of ₹ 10 each.
- (b) Business of A Ltd. was valued at ₹ 4,00,000 and settlement was made by issue of 20,000 equity shares of ₹ 20 each.
- (c) Business of B Ltd. was valued at ₹ 1,00,000 satisfied by issue of 5,000 equity shares of ₹ 20 each.
- (d) Cost of formation of AB Ltd. amounted to ₹ 5,600
- (e) AB Ltd. made a public issue of 6,000, 10% preference shares of ₹ 10 each at par and 10,000 equity shares of ₹ 20 each.
- (f) Cost of liquidation of A Ltd. amounted to ₹ 1,050 and B Ltd ₹ 540 and same was paid by AB Ltd.

Give opening journal entries in the book of AB Ltd. and prepare the Balance Sheet, assuming that the amalgamation in the nature of merger.

18. - Briefly discuss Modern concept in Accounting.

(2 × 5 = 10 weightage)