

18. Following is the balance sheet of Overconfident Ltd

Liabilities		Assets	
13% cumulative preference shares@100/-	1,00,000	Fixed Assets	15,00,000
Equity shares of Rs.10/-	7,00,000	current assets	35,00,000
8% Debentures	3,00,000	surplus account	3,00,000
Current liabilities	39,00,000		
Provision for taxation	3,00,000		
<b>Total</b>	<b>53,00,000</b>		<b>53,00,000</b>

Following scheme of reconstruction is sanctioned:

- All existing equity shares are reduced to Rs.5 each
- All preference shares are reduced to Rs.75 each
- The rate of interest is increased to 11%. Debenture holders surrender their existing debentures of Rs.100/- and exchange the same for fresh debentures of Rs.75/-
- One of the creditors of the company to whom the company owes Rs.25,00,000 decides to forego 50% of his claim. He is allotted 1,00,000 equity shares of Rs.5 each in part satisfaction of the balance of his claim.
- The taxation liability of the company is settled at 4,00,000
- Fixed assets are to be written down by 40%
- Current assets are to be revalued at 27,00,000

Pass journal entries and show the Balance sheet of the company after reconstruction.

**(2 x 5 = 10 Weightage)**

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Name.....

Reg. No.....

**SECOND SEMESTER M.Com. DEGREE EXAMINATION, APRIL 2020**

(CUCSS - PG)

**CC19P MCM2 C06 - ADVANCED CORPORATE ACCOUNTING**

(Commerce)

(2019 Admissions: Regular)

Time: Three Hours

Maximum: 30 Weightage

**PART A**

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

- Who are preferential creditors?
- What are temporary differences and also state its importance in the calculation of deferred tax.
- State the recognition procedure of Revenue from contracts with customers as per IFRS15.
- State the difference between operating lease and financial lease giving an example of each.
- How will you treat unrealized profit in consolidated financial statements?
- What do you understand by social accounting and how it is related with the concept corporate social responsibility?
- What is the difference between proactive accounting and reactive accounting

**(4 x 2 = 8 Weightage)**

**PART B**

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

- Briefly explain the need for forensic accounting
- What is environmental accounting? Explain the different forms of environmental accounting
- What are the different methods of human resource accounting
- 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 his remuneration 3% on the amount realized on the assets and 2% on the amount distributed to unsecured creditors other than preferential creditors: unsecured creditors- Rs. 1,12,000. preferential creditors Rs. 35,000, debentures Rs. 37,500, the asset realized the following sums; cash in hand Rs. 10,000, land and building Rs. 65,000, plant and machinery Rs. 55,250, furniture and fittings Rs. 3,750. The liquidation expenses amount to Rs. 1000. A call of Rs. 2 per share on the partly paid 10000 shares was made and duly paid except in case of one shareholder owning 500 shares.

(1)

**Turn Over**

12. Following data relates to PP Ltd

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	01-04-2015	31-03-2016
	Rs.	Rs.
Net long term borrowings	28,000	28,000
Creditors	8,000	5,600
Bank overdraft	10,000	11,200
Taxation	3,000	2,800
Cash	5,000	8,400
Net borrowings	<b>44,000</b>	<b>39,200</b>
Share capital and reserves	74,160	94,112
Proposed dividend	1,000	1,200
Total	<b>75,160</b>	<b>95,312</b>

CCA adjustment: depreciation - 3400, fixed cost - 3600, cost of sale adjustment - 3240, MWCA - 2240. Find out gearing adjustment ratio.

13. On 1<sup>st</sup> June 2018, Mr. Arayan purchased Rs.18,000 5% debentures of Rs.100 each in the Tata Steel Ltd at Rs.105cum-interest, interest is being payable on 31<sup>st</sup> March and 30<sup>th</sup> September every year. Expenses on stamps amounted to Rs.80. on 1<sup>st</sup> November, 2018 he sold Rs.3,000 debentures at Rs.107 cum-interest. Brokerage is payable on each transaction@1/8% on nominal value. Make journal entries in the books of Mr. Arayan.
14. Annual lease rent Rs. 80,000/-, Lease period 5 years, guaranteed residual value Rs. 28,000/-, fair value at the beginning of the lease Rs.3,00,000/-, interest rate implicit on lease is 12.6%. The present value factor at 12.6% are 0.89, 0.79, 0.7, 0.622, 0.552 at the end of first, second, third, fourth and fifth year respectively. Show journal entry to record the asset taken on financial lease in the books of the lessee. Also show necessary working notes to complement your answer.

(4 x 3 = 12 Weightage)

### PART C

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

15. What is corporate restructuring? Explain different forms of restructuring and also state the reasons for corporate restructuring.

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16. H Ltd. acquired 20000 equity shares of S Ltd of Rs.100 each on 31<sup>st</sup> Mar 2014. Balance Sheet of H Ltd. and S Ltd. as on 31<sup>st</sup> Mar 2015 were as follows;

	H Ltd.	S Ltd.
Share capital	80,00,000	25,00,000
Reserves	30,00,000	5,00,000
Surplus	10,00,000	10,00,000
Creditors	20,00,000	5,00,000
Fixed assets	70,00,000	25,00,000
Investment	30,00,000	
Current assets	40,00,000	20,00,000

S Ltd. had credit balance of Rs. 5,00,000 in the reserves and Rs. 2,00,000 in surplus account when H Ltd. acquired shares in S Ltd. S Ltd issued bonus shares one for every five shares held out of post acquisition profit. Prepare consolidated balance sheet.

17. On 31<sup>st</sup> Mar 2015, B Ltd was absorbed by A Ltd. the latter taking over the assets and liabilities at book values. The consideration was fixed at 4,00,000 to be discharged in the form of fully paid equity shares of 10 each to be distributed among the shareholders of transferor company, each shareholders getting two shares for every share held in the transferor company. Ledger balances of two companies are as follows

Cr balances	A	B	Dr balances	A	B
Share capital	9,00,000	2,00,000	Goodwill	2,00,000	60,000
Reserve	1,80,000	50,000	Plant	4,12,000	1,00,000
Surplus	20,502	12,990	Furniture	80,000	30,000
Workmen compensation fund	12,000	9,000	Stock	2,65,500	60,000
Creditors	58,567	30,546	Debtors	2,21,200	46,000
Staff Provident Fund	10,200	4,000	Prepaid insurance		700
Provision for tax	12,300	5,000	Income tax refund		6,000
			Cash in hand	869	356
			Cash at bank	14,000	8,300
Total	11,93,569	3,11,356	Total	11,93,569	3,11,356

Amalgamation expenses amounting to Rs.1,000 were paid by A Ltd. Prepare realization account, pass journal entries in the books of A Ltd and also prepare balance sheet of A Ltd.

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Turn Over