

1. Surplus Account includes the interim dividend at the rate of 10% p.a. free of tax from S Ltd.
2. Stock includes 6,000 of Stock at cost purchased from S Ltd.
3. Sundry Creditors include Rs.18,000 for purchases from S Ltd., on which the latter company made a profit of Rs. 4,500.

It is further stated that on 1-4-2018 Surplus Account of S Ltd. stood at Rs. 76,000 and the General Reserve at Rs. 4,500. No final dividends are yet proposed to be declared by S Ltd.

17. The Balance Sheet of BCR Ltd. As on 31st March 2011 appears as below:

Liabilities	(Rs.)	Assets	(Rs.)
Share Capital:			
1,50,000 Equity Shares of Rs. 10 each fully paid	15,00,000	Fixed Assets at Cost 20,00,000	5,00,000
5,000 11% Pref. Shares of Rs. 100 each fully paid	5,00,000	Less: Depreciation Reserve 15,00,000	
Secured Loans:		Stock and Stores	6,00,000
11% Debentures	5,00,000	Receivables	14,50,000
Interest accrued and due on debentures	1,10,000	Other Current Assets	2,00,000
Bank Overdraft	6,30,000	Misc. Expenditure	
Unsecured Loans 5,00,000	6,50,000	Profit & Loss A/c	16,40,000
Interest accrued & due 1,50,000			
Current liabilities	5,00,000		
	43,90,000		43,90,000

A scheme of reconstruction has been agreed amongst the shareholders and the creditors, with the following salient features:

1. Interest due on unsecured loans is waived.
2. 50% of the interest due on the debentures is waived.
3. The 11% preference shareholders' rights are to be reduced to 50% and converted into 15% Debentures of Rs. 100 each.
4. Current liabilities would be reduced by Rs. 50,000 on account of provision no longer required.
5. The banks agree to the arrangement and to increase the cash credit/overdraft limits by Rs. 1,00,000 upon the shareholders agreeing to bring in a like amount by way of new equity.
6. Besides additional subscription as above, the equity shareholders agree to convert the existing equity shares into new 10 rupees shares of total value Rs. 5,00,000.
7. The debit balance in the Profit and Loss Account is to be wiped out, Rs. 2,60,000 provided for doubtful debts and the value of fixed assets increased by Rs. 4,00,000.

Redraft the Balance Sheet of the company based on the above scheme of reconstruction,

18. Explain the different approaches to price level accounting.

(2 × 5 = 10 Weightage)

21P241

(Pages: 4)

Name:

Reg. No:

SECOND SEMESTER M.Com. DEGREE EXAMINATION, APRIL 2022

(CBCSS - PG)

(Regular/Supplementary/Improvement)

CC19P MCM2 C06 - ADVANCED CORPORATE ACCOUNTING

(Commerce)

(2019 Admission onwards)

Time: 3 Hours

Maximum: 30 Weightage

Part-A

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

1. What do you mean by group structure?
2. How would you treat Goodwill appearing in the balance sheet of subsidiary company?
3. What is statement of affairs?
4. What is Receiver's Statement of Account?
5. What is the scope of Ind AS 12?
6. What is human resource accounting?
7. What is social accounting?

(4 × 2 = 8 Weightage)

Part-B

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

8. What is external reconstruction?
9. From the following information provided by a company for the year 2019-20, calculate deferred tax liability/ asset as per Ind AS 12 taking a tax rate of 30%:

Rs.

Depreciable amount as on 31.3.2019	15,00,000
Depreciable amount as on 31.3.2020	15,20,000
Tax base of the asset as on 31.3.2019	14,50,000
Tax base of the asset as on 31.3.2020	14,45,000

10. Explain the presentation and the disclosure of deferred tax.
11. On 1st December, 2019 ABC Constructions Ltd. Undertook a contract to construct a building for Rs. 85 lakhs. On 31st March, 2020 the company found that it had already spent Rs. 64 lakh on the construction. Prudent estimate of additional cost for completion was Rs. 32 lakhs. What is the total provision for foreseeable loss, which must be made in the final accounts for the year ended 31st March, 2020.
12. On 31st January, 2019 Ms. Letty purchased from cash from Ms. Miya four 6% Rs. 100 debentures of F&F Ltd at 110.5% ex- interest; interest being payable on 1st June and 1st December every year. Show the journal entry in the books of Ms. Letty and Ms. Miya if each party had to pay bank commission of 25 paise per cent on face value.

13. On 1st January 2016, R Ltd. leased a machinery to P Ltd. on the following terms:

Fair value of the machinery on 1.1.2016	Rs. 350,000
Lease term	3 years
Lease rental per annum	Rs. 150,000 (payable on 31 st December every year)
Guaranteed residual value	Rs. 11,400 (on 31 st December 2018)
Economic life of the machinery	3 years
Internal rate of return	15%

You are required to compute:

- The value of machinery to be recognised by the lessee
- The finance charges every year

PV factor of 15% in three years is 2.283.

14. Explain the role and functions of a forensic accountant.

(4 × 3 = 12 Weightage)

Part-C

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

15. Ajanta Limited agreed to acquire the business of Elora Ltd. as on 31st March 2011. The Balance Sheet of Elora Limited as on that date was as follows:

Liabilities	Rs.	Assets	Rs.
Paid – up Capital:		Fixed Assets:	
10,000 6% Preference Shares of Rs.10 each	1,00,000	Land and Building	2,00,000
20,000 Equity Shares of Rs.10 each	2,00,000	Machineries	1,00,000
Reserve	20,000	Current Assets:	
Profit and Loss Account	30,000	Stock	2,00,000
7% Debentures	1,00,000	Debtors	50,000
Sundry Creditors	1,50,000	Cash and Bank Balances	35,000
		Miscellaneous Expenditure:	
		Preliminary Expenses	10,000
		Debenture Discount	5,000
	6,00,000		6,00,000

The consideration payable by Ajanta Limited was agreed as under:

- The Preference Shareholders of Elora Limited were to be allotted 8% Preference Shares of Rs. 1,10,000
- Equity Shareholders to be allotted six Equity Shares of Rs. 10 each issued at a premium of 10% and Rs. 3 cash against every five shares held.
- 7% Debentures of Elora Limited to be taken over by the transferee company.

(2)

While arriving at the agreed consideration the directors of Ajanta Limited value Land & Building at Rs. 2,50,000; Stock at Rs.2,20,000 and debtors at their book value subject to an allowance of 4% to cover doubtful debts. Debtors of Elora Limited included Rs. 10,000 due from Ajanta Limited. The stocks of Elora Ltd. include item valued at Rs. 60,000 purchased from Ajanta Ltd. (cost to Ajanta Ltd. Rs. 45,000). The machineries were valued at book value.

It was agreed that before acquisition Elora Limited will pay dividend at 10% on Equity Shares and will retain Rs. 5,000 for liquidation expenses.

- Draft Journal entries and prepare necessary accounts to close the books of Elora Limited and (b) to make journal entries and prepare Balance Sheet in the books of Ajanta Ltd. to record acquisition.

16. Following are the Balance Sheets of H Ltd., and S Ltd., as at 31st March 2019:

	H Ltd. (Rs)	S Ltd. (Rs)
Equity and Liabilities		
Shareholders' Funds		
Share Capital: Rs.10 shares fully paid	3,00,000	1,50,000
Reserves and Surplus:		
General Reserve	1,90,000	6,000
Surplus Account	1,60,000	1,08,000
Non-Current Liabilities:		
Sundry Creditors	30,000	48,300
Total Equity and Liabilities	6,80,000	3,12,300
Assets:		
Non-Current Assets:		
Fixed Assets:		
Freehold Premises	2,56,000	90,000
Machinery	60,000	81,300
Current Assets		
Investment in shares of S Ltd at cost	1,80,000	---
Stock	68,000	60,600
Sundry Debtors	56,000	47,400
Cash	60,000	33,000
Total Assets	6,80,000	3,12,300

H Ltd., acquired 12,000 shares of S Ltd., on 1-4-2018 at the total cost of Rs. 1,80,000. On Scrutiny of the liabilities and assets of H Ltd., as at 31-3-2019, the following details are obtained:

(3)

Turn Over