24P240 (Pages: 4) Name : ....

Reg. No : ....

SECOND SEMESTER M.Com. DEGREE EXAMINATION, APRIL 2025

(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 is surrender of shares? Explain its accounting treatment.
2. What is pre- acquisition profit?
3. What is COSA?
4. What is liquidator's Statement of Account?
5. What is operating lease? Hoe is it different from finance lease?
6. What is social cost benefit ratio?
7. What is proactive accounting?

(4 × 2 = 8 Weightage)

Part-B

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

8. What are the differences between amalgamation and 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%:

Depreciable amount as on 31.3.2019	Rs. 35,35,000
Depreciable amount as on 31.3.2020	Rs. 35,20,000
Tax base of the asset as on 31.3.2019	Rs. 34,35,000
Tax base of the asset as on 31.3.2020	Rs. 34,20,000

10. Calculate deferred tax asset/ liability from the following: Depreciable amount as on 31.3.2019 Rs. 12,60,000, depreciable amount as on 31.3.2020 Rs. 12,80,000, tax base of the depreciable asset as on 31.3.2019 Rs. 12,40,000 and tax base as on 31.3.2020 Rs. 12,50,000. Assume tax rate of 30%.

11. Annual lease rent at the end of each year Rs. 50,000

Lease period	5 years
Guaranteed residual value	Rs. 12,000
Fair value at the inception of the lease	Rs. 200,000
Interest rate implicit in the lease	14%

The present value factors at 14% are 0.877, 0.769, 0.675, 0.592 and 0.519 at the end of first, second, third, fourth and fifth year respectively. Show the journal entry to record the asset taken on financial lease in the books of the lessee.

12. 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 31st December every year)
Guaranteed residual value	Rs. 11,400 (on 31st December 2018)
Economic life of the machinery	3 years
Internal rate of return	15%

You are required to compute:

a. The value of machinery to be recognised by the lessee

b. The finance charges every year

PV factor of 15% in three years is 2.283.

13. What are the techniques of forensic accounting?

14. Ranveer Ltd. is adopting historical cost system. From the following details furnished, prepare Current Cost Statement of Profit and Loss for the year ended 31-3-2019:

Statement of Profit and Loss for the year ended 31-03-2019

Sales	24,00,000
Cost of sales:	15,00,000
Gross Profit	**9,00,000**
Operating Expenses	3,60,000
Depreciation	1,20,000
Interest on loan	1,80,000
Provision for tax	90,000
Net profit	**1,50,000**
Dividend (proposed)	30,000
Retained profit	**1,20,000**

The chief finance officer of Ranveer Ltd. furnished the additional information as below:

1. Gearing Adjustment for the year Rs. 20,232
2. Cost of Sales Adjustment for the year Rs. 37,998
3. Depreciation Adjustment for the year Rs. 18,000
4. Monetary Working Capital Adjustment for the year Rs. 13,500.

(4 × 3 = 12 Weightage)

Part-C

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

15. Explain the treatment of the folowing while preparing a Consolidated Balance Sheet: (a) Revaluation of assets of the subsidiary company (b) Interim dividend paid by the subsidiary company (c) Bonus shares issued by the subsidiary company out of pre- aquisition profits (d) Bonus shares issued by the subsidiary company out of post- aquisition profits

16. Ashish Products Ltd. was just recovering out of great financial stress and consequently went into voluntary liquidation. Its summarized Balance Sheet as on 31st March 2019 was as follows :

Equity Share Capital	7,80,000
Preference Share Capital	5,20,000
Capital Reserve	15,730
Surplus A/c	(5,36,510)
Non-current and Current Liabilities	1,36,110
Total	**9,15,330**
Sky-scrappers	4,13,400
Other Fixed Assets	2,22,560
Current Assets	2,79,370
Total	**9,15,330**

NB: Contingent Liabilities in respect of a pending suit 18,840.

Ashish Properous Ltd. agreed to take over some of the assets of the Ashish Productd Ltd. at an agreed valuation as Sky-scrappers Rs. 2,60,000, Plant & Machinery Rs. 1,56,000, Motor & Lorries Rs. 5,200 and Stock in Trade Rs. 98,800.

Total purchase consideration was satisfied by the allotment of Preference and Equity Shares in the new company in the ratio of 3:2. The Preference Shares carried 12% dividend and the Equity Shares of Rs. 30 each were issued as partly-paid to the extent of Rs. 20 per share. The new company also agreed to take over the Contingent Liability which ultimately materialized. The claimant was allotted Equity Shares as fully paid. Book-debts of the old company realised Rs. 1,65,425 and Trade Creditors were settled for Rs. 1,14,842. The Liabilities were discharged. The cost of voluntary winding up came to Rs. 13,923. The Preference Shareholders in the old company agreed to accept in fully satisfaction of their claims, the preference shares in the new company and the available cash.

You are required to give Journal Entries to close the books of Ashish Products Ltd. and open the books of Ashish Prosperous Ltd.

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

Eqiuty Share Capital	15,00,000
11% Pref. Share Capital	5,00,000
11% Debenture	5,00,000
Interest on Debenture	1,10,000
Bank Overdraft	6,30,000

Unseccured Loan	5,00,000
Interest on unseccured Loan	1,50,000
Current Liabilities	5,00,000
Total	**43,90,000**
Fixed Assets	19,00,000
Stock and Stores	6,00,000
Receivers	14,50,000
Other Current Assets	2,00,000
P&L Account	2,40,000
Total	**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 value of fixed assets to be increased by Rs. 4,00,000.
6. The debit balance in the Profit and Loss Account is to be wiped out, Rs. 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. On 1.4.2018. Mr. Das had 25,000 equity shares of KLM Ltd. at a book value of Rs. 15 per share (face value Rs. 10). On 20.6.2018, he purchased further 5,000 shares of KLM Ltd. at Rs. 16 per share. Directors of KLM Ltd announced a bonus and rights issue. No dividend was payable on these issues. The terms of the issue were as follows:

Bonus- basis 1:6 (16.8.2018), Rights- basis 3:7 (31.8.2018) price Rs. 15 per share.

Due date for payment - 30.9.2018, Rights are transferable in full or in part.

Accordingly, he sold 1/3 rd of his investments to Mr. Hari for a consideration of Rs. 2 per share. Dividend at 20% for the year ending 31.3.2018 was declared by KLM Ltd and Mr. Das received the same on 31.10.2018. Dividend for the shares acquired by him on 20.6.2018 are to be adjusted against the cost of purchase. On 25.11.2018, Mr. Das sold 25,000 equity shares at a premium of Rs. 5 per share.

Draw up the Investment account of Mr. Das assuming that he closes his books on 31.12.2018 and shares are valued at average cost.

(2 × 5 = 10 Weightage)

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