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(Pages : 5)

Name.....

Reg. No.....

**SECOND SEMESTER M.Com. DEGREE (REGULAR/SUPPLEMENTARY)
EXAMINATION, APRIL 2024**

(CBCSS)

Master of Commerce

MCM 2C 06—ADVANCED CORPORATE ACCOUNTING

(2019 Admission onwards)

Time : Three Hours

Maximum : 30 Weightage

*Answer should be written in English Only.***Part A***Answer any **four** questions.**Each question carries 2 weightage*

1. What is pre-acquisition loss ?
2. What is purchase consideration ?
3. What is statement of affairs ?
4. What is tax temporary differences ?
5. An entity's PPE's carrying value - 11,80,000, Revalued at Rs. 15,38,000 ; Rate of tax 30 %. What is the deferred tax liability and the entry to be passed ?
6. What is sale and lease back ?
7. What is forensic accounting ?

(4 × 2 = 8 weightage)

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

8. Explain different types of mergers.

Turn over

9. In 2020, A Ltd had taxable profit of Rs. 2,20,000. In the previous year (2019) income tax on 2019 profits had been estimated as Rs. 60,000. Any under or over payments are not settled until the following year's tax payment is due.

What would be tax payable and the charge for 2020 if the tax due on 2019 profits was subsequently agreed with the tax authorities as :

- (a) Rs. 70,000 or (b) Rs. 50,000 (assume a 30 % tax rate). Calculate the tax charge and liability.

10. Differentiate between operating lease and financial lease.
11. What are the different forms of environmental accounting ?
12. A firm had Rs. 2,00,000 as cash at bank on 01/04/2019. The consumer price index on that date was 200. During the year ended 31/03/2020, the receipts and payments were stated below :

<i>Date</i>	<i>Receipts</i>	<i>Rs.</i>	<i>Index</i>
June 1	Sales	1,05,000	210
January 15	Sales	3,45,000	230
September 15	Costs	2,15,000	215
November 20	Costs	1,50,000	240
December 1	Costs	2,00,000	225

Ascertain the profit or loss on account of price changes. The year ended index was 240.

13. The following scheme of reconstruction has been approved for Win Ltd.
- (i) The shareholders to receive in lieu of their present holding at 1,00,000 shares of Rs.10 each, the following.
- (a) New fully paid Rs. 10 equity shares equal to $\frac{3}{5}$ th of their holding.
- (b) 10 % preference shares fully paid to the extent of $\frac{1}{5}$ th of the above new equity shares.
- (c) Rs. 40,000, 8 % debentures.
- (ii) An issue of Rs. 1 lakh 10 % first debentures was made and allotted, payment for the same being received in cash forthwith.
- (iii) Goodwill which stood at Rs. 1,40,000 was completely written off.

- (iv) Plant and machinery which stood at Rs. 2,00,000 was written down to Rs. 1,50,000.
- (v) Freehold property which stood at Rs. 1,50,000 was written down by Rs. 50,000. Draw up the necessary journal entries in the books of Win Ltd.

14. Explain the concept of CPPA.

(4 × 3 = 12 weightage)

Part C

Answer any **two** questions.

Each question carries 5 weightage.

15. Balance sheets of A Ltd. and B Ltd. on 31st March 2019 were as follows :

	Rs. In thousands	
	A Ltd.	BLtd.
I Equity and Liabilities		
1 Shareholders' funds		
(a) Share capital		
50,000 preference shares of Rs. 10 each	5,000	—
15,00,000 equity shares of Rs. 10 each	15,000	—
4,00,000 equity shares of Rs. 10 each	—	4,000
(b) Reserves and surplus		
General reserves	8,000	—
Surplus account	900	320
2 Current liabilities		
Creditors	500	210
<i>Total equity and liabilities</i>	<u>29,400</u>	<u>4,530</u>

Turn over

	Rs. In thousands	
	A Ltd.	BLtd.
II Assets :		
1 Non-current assets		
(a) Fixed assets		
Land and building	6,000	—
Plant and machinery	15,500	
Furniture	—	250
Motor vehicles	—	400
Intangible assets	—	—
Goodwill	—	700
Patents	2,000	—
(b) Investments	1,150	—
2 Current assets		
Stocks	3,500	2,390
Debtors	800	620
Cash at Bank	450	170
<i>Total assets</i>	<u>29,400</u>	<u>4,530</u>

A new company C Ltd. was formed to acquire the assets and liabilities of A Ltd. and B Ltd. The terms of acquisition of business were as under

- (a) C Ltd. to have an authorized capital of Rs. 3,50,00,000, divided into 50,000 13 % preference shares of Rs.100 each and 30,00,000 equity shares of Rs. 10 each.
- (b) Business of A Ltd. valued at Rs.3,00,00,000, settlement being Rs. 60,00,000 cash and balance by issue of fully paid-up equity shares at Rs. 12.
- (c) Business of B Ltd. valued at Rs. 48,00,000 to be satisfied by issue of fully paid equity shares at Rs. 12.

- (d) Preference shares of A Ltd. were redeemed.
- (e) C Ltd. made a public issue of 30,000 preference shares at par and 3,00,000 equity shares at Rs.12. The whole issue was fully subscribed and fully paid up.

Prepare balance sheet of C Ltd. on the assumption that amalgamation in the nature of purchase (pass necessary entries also).

16. In 2001, M/s. Wye Ltd. issued 12 % fully paid debentures of Rs. 100 each, interest being payable half yearly on 30th September and 31st March of every accounting year. On 1st December, 2002, M/s. Bull & Bear purchased 10,000 of these debentures at Rs. 101 cum-interest prices, also paying brokerage @ 1 % of cum-interest amount of the purchase. On 1st March, 2003, the firm sold all of these debentures at Rs.106 cum-interest price, again paying brokerage @ 1 % of cum-interest amount. Prepare Investment Account in the books of M/s. Bull & Bear for the period 1st December, 2002 to 1st March, 2003.

17. Bekar Ltd. went in to voluntary liquidation. The details regarding liquidation are as follows.

Share capital

- (a) 2,000, 8 % preference shares of Rs. 100 each (fully paid up).
- (b) Class A - 2,000 Equity shares of Rs. 100 each (Rs. 75 paid up).
- (c) Class B - 1,600 equity shares of Rs. 100 each (Rs. 60 paid up).
- (d) Class C - 1,400 equity shares of Rs. 100 each (Rs. 50 paid up).

Assets including machinery realized Rs. 4,20,000. Liquidation expenses amount to Rs. 15,000. Bekar Ltd. has borrowed a loan of Rs. 50,000 from Patel brothers against the mortgage of machinery (which realized Rs. 80,500). In the books of the company, salary for four clerks for four months at a rate of Rs. 250 per month and salaries of four peons for three months at a rate of Rs. 150 per month are outstanding. In addition to this, the company's books show the creditors worth Rs. 88,200. Prepare liquidators statement of Receipts and payments.

18. Define social responsibility accounting. Explain in detail its scope and approaches.

(2 × 5 = 10 weightage)