

SECOND SEMESTER M.Com. DEGREE EXAMINATION, APRIL 2021
COMMERCE
FMCM2C06: ADVANCED CORPORATE ACCOUNTING

Time: 3 Hours**Maximum Weightage: 30****Part A: All questions can be answered. Each carries two weightage (Ceiling 6 weightage).**

1. Define lease?
2. What do you mean by contributory?
3. What are group accounts?
4. Comment on mutual owing.
5. Explain TTD.
6. What is non-controlling interest?
7. Write an account on Tax base.

Part B: All questions can be answered. Each carries four weightage (Ceiling 12 weightage).

8. How do you measure current tax liability and deferred tax liability?
9. Define HRA. Explain its advantages.
10. What are the different forms of environmental accounting?
11. On 1st April 2020, ABC Ltd. entered into a new lease arrangement with a new lessor. The lessor agrees to pay the lessee's relocation costs as an incentive to the lessee for entering into the new lease. The lessee's moving costs are ₹50,000. The lease has a term of 10 years, at a fixed rate of 100,000 per year. Calculate lease expense per year.
12. X Ltd. had ₹2,00,000 9% Govt. stock at ₹95 each (face value ₹100) on 1st April 2020. Interest is payable half yearly on 31st March and 30th September. The company sold 50,000 of the stock at ₹96 ex - interest on 1st June 2020.

Prepare 9% Govt. stock account in the investment ledger of the company for the year ended 31-3-2021. Ignore brokerage and income tax. The stock was quoted at ₹ 98 Ex-interest at the stock exchange on that date.

13. The following are the liabilities and assets of the holding company P Ltd. and its subsidiary Q Ltd. as on 31st December 2020. P Ltd. acquired 12000 shares in Q Ltd. on 31st December 2020. Prepare the Consolidated Balance Sheet.

(PTO)

	P Ltd.	Q Ltd
Equity & Liabilities:		
Share Capital:		
Shares of Re. 1each	36000	15000
Sundry Liabilities	24000	9000
	60000	24000
Assets:		
Tangible Assets	48000	24000
Investments: 12000 shares in QLtd.	12000	
	60000	24000

14. Give journal entries for the following in connection with internal reconstruction:
- 2000 Equity Shares of ₹100 each fully paid, reduced to shares of ₹50 each fully paid.
 - 100, 8% Debentures of ₹1,000 each converted into 500, 6% Debentures of ₹100 each.
 - The debit balance of P & L A/c ₹ 25,000 and the preliminary expenses of ₹ 18,000 were written-off.
 - The value of Plant and Machinery and Stock were written-down by ₹ 10,000 and ₹20,000 respectively.

Part C: All questions can be answered. Each carries six weightage (Ceiling 12 weightage).

15. Explain the principles to be applied in Accounting by lessees and lessor in lease contracts.
16. Following information is extracted from the books of a limited company on June 30, 2020 on which date a winding-up order was made:

	₹
Cash in hand	4,050
Book Debts:	
Good	₹75000
Doubtful (estimated to produce 40%)	₹15000
Bad	<u>₹9000</u>
	99000
Stock in Trade (estimated to produce ₹1,19,350)	144000
Freehold Land and Buildings (estimated to produce ₹ 3,91,000)	330000
Plant and Machinery (estimated to produce ₹1,06,000)	150000
Fixtures and Fittings (estimated to produce ₹15,000)	25000
Equity Share Capital, 40,000 shares of 10 each	400000
10% Preference Share Capital, 6,000 shares of 100 each	600000
Calls in arrears on equity shares (estimated to produce ₹ 4,000)	8000
9% First Mortgage Debentures, secured by a floating charge on the whole of the assets of the company	400000
Creditors fully secured (value of shares in A Ltd. ₹80,000)	70000
Creditors partly secured (value of shares in B Ltd. ₹40,000)	80000
Preferential Creditors	15000
Bank Overdraft, secured by a second charge on the whole of the assets of the company	40000
Unsecured creditors	520000
Estimated liability on bills discounted	20000

Prepare a Statement of Affairs: as regards creditors and contributories.

17. The balance sheets of X Ltd. and Y Ltd. as on 31" December 2020 is given.

	X Ltd. ₹	Y Ltd. ₹
I. Equity and Liabilities		
(1) Shareholders fund		
(a) Share capital (Issued and paid up) (shares of Rs100 each fully paid)	2,50,000	1,00,000
(b) Reserves and surplus		
General Reserve	50,000	
Profit and Loss a/c	40,000	
6% debentures	-----	50,000
(2) Current Liabilities		
Creditors	37,500	22,500
Total Equity and Liabilities	3,77,500	1,72,,500
II. Assets		
(1) Non-Current Assets		
(a) Fixed Assets	1,75,000	75,000
(b) Investments in shares in Y Ltd.		
750 shares @ Rs. 80 each	60,000	
6% debentures in Y Ltd. acquired at par	30,000	
(2) Current Assets		
(a) Stock	45,000	20,000
(b) Debtors	30,000	15,000
(c) Cash at bank	37,500	12,500
(d) Profit and loss	---	50,000
Total Assets	3,77,500	1,72,,500

X Ltd. acquired the shares on 1-05-2020. The P & L A/c of Y Ltd showed a debit balance of ₹75,000 on 1-1-2020. During March 2020 goods costing ₹3,000 were destroyed by fire and the insurance paid only ₹1,000. Trade creditors of Y Ltd Include ₹10,000 for goods supplied by X Ltd on which the latter company made a profit of ₹1,000. Half of the goods were still in stock. Prepare consolidated balance sheet.

18. The following is the Balance Sheet of Alfa Ltd. as at 31st March, 2020

1. Equity & Liabilities

Share Capital:

24,000 shares of 10 each fully paid 2,40,000

Sundry Creditors 60,000

Bank Loan 52,000

3,52,000

2. Assets

Buildings 2,00,000

Plant & Machinery 80,000

Stock of Goods 30,000

Sundry Debtors 40,000

Profit & Loss Account 2,000

3,52,000

(PTO)

The Company went into liquidation and the assets were sold to Gama Ltd. for ₹2,94,000. The consideration was payable as follows:
₹1,14,000 in cash (which sufficed to discharge the liabilities and to pay the cost of winding up ₹2,000) and the balance 1,80,000 by the allotment of 24,000 shares of ₹10 each, ₹7.50 per share paid up to the shareholders of Alfa Ltd.

Close the books of Alfa Ltd. and give necessary entries for recording the transactions in the books of Gama Ltd.