

SECOND SEMESTER M.Com DEGREE EXAMINATION, APRIL 2022
(Regular/Improvement/Supplementary)

COMMERCE
FMCM2C06: ADVANCED CORPORATE ACCOUNTING

Time: 3 Hours

Maximum Weightage: 30

Part A: Answer any *four* questions. Each carries *two* weightage.

1. What is a Capital Reduction Account?
2. What is temporary difference?
3. What are non-controlling interests?
4. Describe a finance lease?
5. What do you mean by proactive accounting?
6. What is cum interest?
7. What is price level accounting?

(4 × 2 = 8 weightage)

Part B: Answer any *four* questions. Each carries *three* weightage.

8. What are disclosure requirements as per IAS-12, 'Income Tax'?
9. Explain the different categories of lease contracts.
10. Explain Goodwill Valuation as per IFRS3/Ind AS 103.
11. A Manufacturing Unit sells one of its products for ₹1000 per unit. However, the Unit gives customers a 20% discount on orders of 200 units or more. A customer buys 200 units in a single order. How much the manufacturing unit should measure the revenue as per Ind AS 115 or IFRS 15?
12. A Firm purchased machinery on 1.1.2020 for Rs. 80,000. The retail price index on that date stood at Rs. 170. You are required to restate the value of machinery according to CPP method on 31.12.2021 when the price index stood at Rs.220.
13. On 1 April 2019, X 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 Rs. 100,000 per year. Calculate lease expense per year.
14. Following information relate to Star Ltd. which has gone into liquidation. Prepare Liquidator's Final Statement of Account providing for his remuneration @ 2% on the amount realized on assets and 2% on the amount distributed to unsecured creditors other than preferential creditors :

(P.T.O.)

Unsecured Creditors	4,48,000
11% Debentures	1,50,000
Preferential Creditors	1,40,000

Assets realised as follows:

Cash in hand	40,000
Land	2,60,000
Machinery	2,21,000
Furniture	15,000

The liquidation expenses amount to Rs.4,000. A call of Rs.2 per share on the partly paid 20,000 equity shares was made and duly paid except in case of 1000 shares.

(4 × 3 = 12 weightage)

Part C: Answer any two questions. Each carries five weightage.

- How do you measure Current Tax Liability and Deferred Tax Liability? Explain with illustrations.
- Following are the liabilities and assets of S Ltd. and H Ltd. as on 31st March 2018

	H Ltd.	S Ltd.
I. Equity and Liabilities :		
Equity Shares of Rs. 10 each	200000	400000
Reserves and Surplus	40000	100000
7% Debentures of Rs.100 each	100000	---
Loan from H Ltd.	---	30000
Other Liabilities	50000	70000
	390000	600000
II. Assets :		
Sundry Assets (excluding goodwill)	310000	600000
Loan to S Ltd.	30000	---
Investments – 5000 shares in S Ltd.	50000	---
	390000	600000

S Ltd. merges H Ltd. in the nature of purchase on the following terms:

- S Ltd. will issue sufficient number of shares at Rs. 11 each and pay Re. 0.50 each per share held by members of H Ltd.
 - 7% Debentures of H Ltd. are taken over by S Ltd. along with other liabilities of H Ltd.
- Show the ledger accounts in the books of H Ltd. and pass journal entries in the books of S Ltd. Also prepare the balance sheet of S Ltd. after amalgamation.

17. The balance sheets of A Ltd and B Ltd as on 31.03.2021 are given below.

	A Ltd ₹	B Ltd ₹
Share capital	15,00,000	10,00,000
Reserves and surplus	2,70,000	1,60,000
Current Liabilities	<u>5,30,000</u>	<u>1,05,000</u>
	23,00,000	12,65,000
Non-Current Assets	12,50,000	10,00,000
Non-Current Investment (Equity shares of B Ltd.)	6,60,000	--
Current Assets	3,90,000	2,65,000
	23,00,000	12,65,000

Prepare consolidated balance sheet as on 31.3.2021 after taking into consideration the following information.

- A Ltd. acquired 80% shares in B Ltd. on 31.3.2020 when B Ltd. had general reserve ₹ 50,000 and surplus ₹ 40,000. The reserve and surplus of B Ltd. on 31.3.2021 comprises general reserve ₹ 60,000 and surplus ₹ 1,00,000.
 - In December 2020, B Ltd. sold to A Ltd. goods for ₹ 60,000 which includes a profit of 20% in sales. Half of those goods remain with A Ltd.
 - Trade payables of A Ltd. include ₹ 25,000 due to B Ltd.
 - A Ltd. transferred machinery to B Ltd. for ₹ 2,00,000. B Ltd. depreciates the machinery @ 10%. The book value of machinery to A Ltd. was ₹ 1,60,000.
18. Following information is extracted from the books of Star Ltd., on June 30, 2021 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 of the Company.

(2 × 5 = 10 weightage)