

SECOND SEMESTER M.Com DEGREE EXAMINATION, APRIL 2023
(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 Non-Controlling Interest?
2. Who is known as a contributory?
3. Define inflation accounting.
4. What is proactive accounting?
5. Elaborate on Conglomerate Merger.
6. Write a note on performance obligation.
7. What do you mean by Tax base?

(4 × 2 = 8 weightage)

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

8. What are the benefits of forensic accounting?
9. How do you measure current tax liability and deferred tax liability?
10. Define Lease. Differentiate between finance lease and operating lease.
11. The following are the assets and liabilities of the holding company M Ltd. and its subsidiary N Ltd. as on 31st December 2022. M Ltd. acquired 24000 shares in N Ltd. on 31st December 2022. Prepare the Consolidated Balance Sheet.

Liabilities	M Ltd.	N Ltd.	Assets	M Ltd.	N Ltd.
Share Capital:	72000	30000	Sundry Assets Investments: 24000 shares in N Ltd.	96000	48000
Shares of Re.1each	48000	18000		24000	
Sundry Liabilities	120000	48000		120000	48000

(P.T.O.)

12. A Company purchased a plant on 1.1.2016 for ₹ 160,000. The retail price index on that date stood at ₹ 190. You are required to restate the value of machinery according to CPP method on 31.12.2022 when the price index stood at ₹240.
13. Give journal entries for the following in respect of internal reconstruction of a company.
- 8000 Equity Shares of ₹100 each fully paid, reduced to shares of ₹70 each fully paid.
 - 250, 11% Debentures of ₹1,000 each converted into 300, 9% Debentures of ₹500 each.
 - The value of Plant and Machinery and Furniture were written-down by ₹ 30,000 and ₹12,000 respectively.
 - The debit balance of P& L A/c ₹ 19,000 and the preliminary expenses of ₹ 24,000 were written-off.
14. Define HRA. Briefly explain its various methods.

(4 × 3 = 12 weightage)

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

15. The following are the liabilities and assets of the holding company P Ltd. and its subsidiary Q Ltd. as on 31st December 2020:

Liabilities	P Ltd.	Q Ltd.	Assets	P Ltd.	Q Ltd.
Share Capital: 24000 Equity Shares of ₹ 10 each	240000		Fixed Assets	240000	320000
20000 Equity Shares of ₹. 10 each		200000	Investments: 16000 Equity Shares in QLtd.	208000	
General Reserve (on 01/01/2020)	48000	40000	Current Assets.	16000	64000
Profit & Loss A/c: Balance on 01/01/2020	16000	32000			
Balance for 2020	120000	80000			
Sundry Creditors	40000	32000			
	464000	384000		464000	384000

P Ltd. acquired 16000 shares of ₹ 10 each on 30th June 2020 for ₹ 208000 in Q Ltd. P Ltd. received 10% dividend for the year 2013 and it was credited to the Profit and loss account of the holding company. Prepare the Consolidated Balance Sheet.

16. Explain the various modern concepts in Accounting?
17. Image Ltd. went into voluntary liquidation. Prepare the liquidator's final statement of account, from the following details regarding liquidation:

Share Capital:

- a) 6800, 9% Preference shares of ₹50 each, fully paid up.
- b) Class A – 3400 Equity shares of ₹ 100 each, ₹75 paid up.
- c) Class B – 2720 Equity shares of ₹ 100 each, ₹ 60 paid up.
- d) Class C – 2380 Equity shares of ₹ 100 each, ₹ 50 paid up.

Assets including machinery realized ₹ 714000. Cost of liquidation amounted to ₹ 25500. Image Ltd. has borrowed a loan of ₹ 85000 from Prakash & Co. against the mortgage of machinery (which realized ₹ 136850). In the books of the company salaries of four clerks for four months at the rate of ₹ 510 per month and salaries of four peons for three months at the rate of ₹ 255 per month are outstanding. In addition to this, the company's books show the sundry creditors worth ₹ 148580.

18. Following are the liabilities and assets of A Ltd. and B Ltd. as on 31st March 2022

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

B Ltd. acquire the business of A Ltd. on the following terms:

- a) B Ltd. will issue sufficient number of shares at ₹11 each and pay ₹ 0.50 each per share held by members of A Ltd.
- b) 7% Debentures of A Ltd. are taken over by B Ltd. along with other liabilities of A Ltd.

Show the ledger accounts in the books of A Ltd. and pass journal entries in the books of B Ltd. Also prepare the balance sheet of B Ltd. after acquisition.

(2 × 5 = 10 weightage)