

QP CODE: F 4787



Reg No :

Name :

M.COM DEGREE (CSS) PRIVATE EXAMINATION, NOVEMBER 2023

First Semester

Faculty of Commerce

COMMERCE

CORE - CM010101 - SPECIALISED ACCOUNTING

2019 ADMISSION ONWARDS

1F888E12

Time: 3 Hours

Weightage: 30

Instructions: (Applicable for 2020 Admission Onwards) This question paper contains two sections. Answer section I questions in the answer book provided. Section II Internal examination questions must be answered in the question paper itself. Follow the detailed instructions given under section II.

SECTION I

Part A (Short Answer Questions)

*Answer any **eight** questions.*

*Weight **1** each.*

1. Write a short note on Accounting Standard Board in India.
2. Explain the meaning of 'Cost of Inventories' as per AS-2
3. What are the factors to be considered while calculating goodwill?
4. What is external reconstruction?
5. What do you mean by inter-company owings?
6. How inter-company holdings is adjusted in the books of the Transferee Company?
7. Define an NBFC.
8. What is an Exchange Traded Fund?
9. What are the components of financial statements of Mutual Funds?
10. What do you mean by blocks in block chain technology?

(8×1=8 weightage)

Part B (Short Essay/Problems)

*Answer any **six** questions.*

*Weight **2** each.*

11. A machinery with a useful life of 6 years was purchased on 1st April, 2012 for Rs. 1,50,000/-. Depreciation was provided on straight line method for first three years considering a residual



value of 10% of cost. In the beginning of fourth year the company reassessed the remaining useful life of the machinery at 4 years and residual value was estimated at 5% of original cost. The accountant recalculated the revised depreciation historically and charged the difference to profit and loss account. You are required to comment on the treatment by accountant and calculate the depreciation to be charged for the fourth year as per AS-10.

12. Omega Limited is working on different projects which are likely to be completed within 3 years period. It recognises revenue from these contracts on percentage of completion method for financial statements during 2014-2015, 2015-2016 and 2016-2017 for Rs.11,00,000/-, Rs. 16,00,000/- and Rs. 21,00,000/- respectively. However, for Income-tax purpose, it has adopted the completed contract method under which it has recognised revenue of Rs. 7,00,000/-, Rs. 18,00,000/- and Rs. 23,00,000/- for the years 2014-2015, 2015-2016 and 2016-2017 respectively. Income-tax rate is 35%. Compute the amount of deferred tax asset/ liability for the years 2014-2015, 2015-2016 and 2016-2017.
13. Explain the circumstances under which valuation of shares is essential and discuss the various methods of valuation in case of joint stock company.
14. Discuss the accounting treatment of goodwill and reserves under pooling of interest method and Purchase method.
15. X Ltd. and Y Ltd. are two companies carrying on business in the same line of activity. Their balances as on 31-3-2019 are given below:

<i>Cr. Balances</i>	<i>X Ltd.</i> ₹	<i>Y Ltd.</i> ₹	<i>Dr. Balances</i>	<i>X Ltd.</i> ₹	<i>Y Ltd.</i> ₹
<i>Fully Paid-up Equity Shares of ₹10 each</i>	6,00,000	2,00,000	<i>Land & Buildings</i>	1,00,000	-
<i>General Reserve</i>	4,00,000	2,00,000	<i>Plant & Machinery</i>	7,00,000	3,00,000
<i>Secured Loan</i>	6,00,000	1,00,000	<i>Investments</i>	1,00,000	-
<i>Current Liabilities</i>	6,00,000	4,00,000	<i>Stock</i>	9,00,000	4,00,000
			<i>Debtors</i>	3,00,000	1,00,000
			<i>Cash at Bank</i>	1,00,000	1,00,000
	22,00,000	9,00,000		22,00,000	9,00,000

The two companies decide to amalgamate into XY Ltd. Following further information is given:

1. X Ltd. holds 8,000 shares in Y Ltd. @ ₹ 12.50 each.
2. All assets and liabilities of the two companies, except investments are taken over by XY Ltd.
3. Each share in Y Ltd. is valued @ ₹ 25 for the purpose of the amalgamation.
4. Shareholders in X Ltd. and Y Ltd. are paid off by issuing to them sufficient number of equity shares of ₹ 10 each in XY Ltd. as fully paid up at par.

5. Each share in X Ltd. is valued @ ₹ 15 for the purpose of amalgamation.

Show journal entries to close the books of both the companies.

16. Avion Finance Ltd. is a Non-Banking Finance Company. The extracts of its balance sheet are given below:

Liabilities	Amount	Assets	Amount
	Rs. in 000		Rs. in 000
Paid-up equity capital	150	Leased out assets	950
Free reserves	600	Investment: In shares of subsidiaries and group companies	150
Loans	450	Investments: In debentures of subsidiaries and group Companies	150
Deposits	500	Cash & Bank balances	300
		Deferred expenditure	150
	1700		1700

You are required to compute 'Net owned Fund' of Avion Finance Ltd. as per Non- Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016.

17. What are the provisioning norms in the case of NPA of NBFCs?
18. What are the steps for incorporating Green Accounting?

(6×2=12 weightage)

Part C (Essay Type Questions)

Answer any **two** questions.

Weight 5 each.

19. Ergo Industries Ltd. gives the following estimates of cash flows relating to fixed asset on 31-12-2016. The discount rate is 15%.

Year	Cash Flow (Rs. in lakhs)
2017	4,000
2018	6,000
2019	6,000
2020	8,000
2021	4,000

Residual value at the end of 2021 = Rs.1000 lakhs

Fixed Asset purchased on 1-1-2014 = Rs.40,000 lakhs

Useful life = 8 years

Net selling price on 31-12-2016 = Rs.20,000 lakhs



Calculate on 31-12-2016:

- Carrying amount at the end of 2016
 - Value in use on 31-12-2016
 - Recoverable amount on 31-12-2016
 - Impairment loss to be recognized for the year ended 31-12-2016
 - Revised carrying amount
 - Depreciation charge for 2017
- (PV Factors @15% 0.870, 0.756, 0.658, 0.572, 0.497)

20. Explain the different methods of valuation of shares.

21. Balances taken from the books of A Ltd. and Z Ltd. as at 31-3-2018 are as under:

<i>Cr. Balances</i>	<i>A Ltd.</i> ₹	<i>Z Ltd.</i> ₹	<i>Dr. Balances</i>	<i>A Ltd.</i> ₹	<i>Z Ltd.</i> ₹
<i>Equity Shares of ₹10 each</i>	<i>2,10,000</i>	<i>1,50,000</i>	<i>Goodwill</i>	<i>15,000</i>	<i>-</i>
<i>9% Redeemable Preference</i>			<i>Land</i>	<i>-</i>	<i>30,000</i>
<i>Shares of</i>			<i>Buildings</i>	<i>-</i>	<i>75,000</i>
<i>₹ 100 each</i>	<i>90,000</i>	<i>-</i>	<i>Plant</i>	<i>3,00,000</i>	<i>1,35,000</i>
<i>Securities Premium</i>			<i>Fixtures</i>	<i>5,000</i>	<i>15,000</i>
<i>Account</i>	<i>10,500</i>	<i>-</i>	<i>Vehicles</i>	<i>10,000</i>	<i>15,000</i>
<i>Capital Redemption Reserve</i>	<i>60,000</i>	<i>-</i>	<i>Stocks</i>	<i>1,20,000</i>	<i>75,000</i>
<i>General Reserve</i>	<i>49,500</i>	<i>75,000</i>	<i>Debtors</i>	<i>80,000</i>	<i>50,000</i>
<i>8% Debentures</i>	<i>60,000</i>	<i>90,000</i>	<i>Advances</i>	<i>50,000</i>	<i>35,000</i>
<i>Current Liabilities</i>	<i>1,20,000</i>	<i>1,35,000</i>	<i>Cash at Bank</i>	<i>20,000</i>	<i>20,000</i>
	<i>6,00,000</i>	<i>4,50,000</i>		<i>6,00,000</i>	<i>4,50,000</i>

On 1st April, 2018, J Ltd. was formed by amalgamating in the nature of purchase A Ltd. and Z Ltd. on the following terms.

- J Ltd. to take over 8 % Debentures and to convert these into 60-10% debentures of ₹ 1,000 each.
- Debenture holders of Z Ltd. insisted that they should be allotted equity shares in J Ltd. Accordingly they were allotted 7,500 shares of ₹ 10 each @ ₹ 12 per share.
- Preference shareholders of A Ltd. insisted for allotment of 900- 11 % Redeemable Preference shares of ₹ 100 each.
- Equity shareholders of A Ltd. are to be allotted 10 equity shares at par for 7 equity shares held by them. The shares of J Ltd. are ₹ 10 each.
- The assets of A Ltd. are taken over at book value except plant which is taken over at ₹ 2,90,000.
- The assets of Z Ltd. are valued as under: Goodwill ₹ 30,000; Land ₹ 1,50,000; Building ₹ 45,000; Plant ₹ 1,20,000; Other Fixed Assets ₹ 15,000; All Current Assets ₹ 1,50,000; All Current Liabilities ₹ 1,50,000. The balance of consideration is to be paid by allotment of Equity Shares at par to Moon Ltd.

You are required to show: (i) Purchase consideration payable to A and Z Ltd., and (ii) Balance Sheet of J Ltd.

22. Briefly explain the concepts of Green Accounting and its Scope and Significance. Also mention its development in a globalised era.

(2×5=10 weightage)

