

QP CODE: 1615



Reg No :

Name :

M.Com DEGREE (CSS) PRIVATE EXAMINATION, NOVEMBER 2022

First Semester

COMMERCE

CORE - CM010101 - SPECIALISED ACCOUNTING

2019 ADMISSION ONWARDS

15D12984

Time: 3 Hours

Weightage: 30

Instructions (Applicable for 2020 & 2021 Admissions only) : 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 brief note on "Compliance with Accounting Standard."
2. Write short notes on Deferred Taxation as per AS-22
3. The net profits of a Company, after providing for taxation, for the past five years are Rs. 42,000; Rs. 47,000; Rs. 45,000; Rs. 39,000 and Rs. 47,000. The capital employed in the business is Rs. 4, 00,000 on which a reasonable rate of return of 10% is expected.
Calculate the goodwill under:
(a) Capitalisation of Average Profit Method and
(b) Capitalisation of Super Profit Method.
4. Write a short note on the net worth method of calculating purchase consideration.
5. What is intrinsic value of shares?
6. How inter-company holdings is adjusted in the books of the Transferee Company?
7. Is there a ceiling on the interest rates charged by NBFCs?
8. What is a Mutual Fund?
9. Write a short not on Annual and Semi Annual Reports of Mutual Funds.
10. What do you mean by 'artificial intelligence'?

(8×1=8 weightage)





Part B (Short Essay/Problems)

Answer any **six** questions.

Weight **2** each.

11. Z Limited ordered 13,000 kg. of chemicals at Rs 90 per kg. The purchase price includes GST of Rs 5 per kg. in respect of which full Input credit is admissible. Freight incurred amounted to Rs. 30,000/-. Normal transit loss is 4%. The company actually received 12,400 kg. and consumed 10,000 kg. The company has received trade discount in the form of cash amounting to Rs. 1 per kg. The chemicals were delivered in containers. The containers were not reusable, hence sold for Rs. 500/-. The administrative expenses incurred to bring the chemicals were Rs. 10,000/-. Compute the value of inventory and allocate the material cost as per AS-2.
12. Answer the following question: Fast Ltd. acquired a patent of a cost of Rs. 40,00,000/- for a period of five years and its product life-cycle is also five years. The company capitalized the cost and started amortizing the asset at Rs. 5,00,000/- per annum. After two years, it was found that the product life-cycle may continue for another 5 years from then. The net cash flows from the product during these 5 years are expected to be Rs. 18,00,000/-, Rs. 23,00,000/-, Rs. 22,00,000/-, Rs. 20,00,000/- and Rs. 17,00,000/-. Find out the amortization cost of the patent for each of the years as per AS-26.
13. Critically examine various methods of valuing shares.
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. How do NBFCs differ from banks?
17. Sriram Finance Ltd. is a Non-Banking Financial Company. The outstanding amount of the concern is ₹ 400 lakhs of which installments are overdue on 400 accounts for last two months (amount overdue ₹ 80 lakhs); on 48 accounts for three months (amount overdue ₹ 48 lakhs); on 10 accounts for more than 30 months (amount overdue ₹ 40 lakhs); on 4 accounts for more than three years (amount overdue ₹ 40 lakhs-already identified as sub-standard assets) and one account of ₹ 20 lakhs which has been identified as non-recoverable by the management. Out of 10 accounts overdue for more than 30 months, 6 accounts are already identified as sub-standard (amount ₹ 12 lakhs) for more than fourteen months and others are identified as sub-standard asset for a period of less than fourteen months.
Classify the assets of the company in line with Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016.
18. Distinguish between traditional accounting and forensic accounting.

(6×2=12 weightage)

Part C (Essay Type Questions)

Answer any **two** questions.

Weight 5 each.

19. Net profit for the year 2016: Rs.11,00,000/- Net profit for the year 2017: Rs.15,00,000/- No. of shares outstanding prior to rights issue: 5,00,000 shares Rights issue price Rs.15.00 Last date to exercise rights 1st March 2017. Rights issue is one new share for each five outstanding (i.e. 1,00,000 new shares) Fair value of one equity share immediately prior to exercise of rights on 1st March 2017 was Rs.21.00. Compute: i. Basic EPS for the year 2016 ii. Restated EPS for the year 2016 iii. Basic EPS for the year 2017
20. Define goodwill. What are the factors affecting the goodwill? Explain the methods of valuation of goodwill.
21. Ajanta agreed to acquire the business of Elora Ltd. as on 31.03.2018. the position of Elora Ltd. on that date were as under:

		₹
I. Equity and Liabilities		
<i>(1) Shareholder's Funds</i>		
a. Share Capital:		
<i>10,000 10% preference shares of ₹ 10 each</i>	<i>1,00,000</i>	
<i>20,000 equity shares of ₹ 10 each</i>	<i>2,00,000</i>	<i>3,00,000</i>





<i>b. Reserves and Surplus</i>		
<i>Reserves</i>	<i>20,000</i>	
<i>Surplus A/c</i>	<i>30,000</i>	
<i>Less: Discount on issue of shares</i>	<i>(15,000)</i>	<i>35,000</i>
<i>(2) Non- current Liabilities</i>		
<i>7% Debentures</i>		<i>1,00,000</i>
<i>(3) Current Liabilities</i>		
<i>Sundry Creditors</i>		<i>1,50,000</i>
<i>Total</i>		<i>5,85,000</i>
II. ASSETS		
<i>(1) Non-current Assets</i>		
<i>Fixed Assets</i>		
<i>Land and Building</i>	<i>2,00,000</i>	
<i>Machinery</i>	<i>1,00,000</i>	<i>3,00,000</i>
<i>(2) Current Assets</i>		
<i>Inventories</i>		<i>2,00,000</i>
<i>Trade Receivables</i>		<i>50,000</i>
<i>Cash and Cash equivalents</i>		<i>35,000</i>
<i>Total</i>		<i>5,85,000</i>

The consideration payable by Ajanta Ltd. was agreed as under:

1. The Preference Shareholders of Elora Ltd. were to be allotted 12% preference shares of ₹ 1,10,000
2. Equity shareholders to be allotted six equity shares of ₹ 10 each issued at a premium of 10% and ₹ 3 cash against every five shares held.
3. 7 % Debenture holders of Elora Ltd. to be taken over by the Transferee company. While arriving at the agreed consideration the Directors of Ajanta Ltd. valued Land and Building at ₹ 2,50,000; stock at ₹ 2,20,000 and debtors at their book value subject to an allowance of 4% to cover doubtful debts. The machineries were valued at book value.

Debtors of Elora Ltd. included ₹ 10,000 due from Ajanta Ltd. It was agreed that before acquisition Elora Ltd. will pay dividend at 10% on equity shares and will also retain ₹ 5,000 for liquidation expenses.

Draft journal entries to close the books of Elora Ltd. and to record acquisition in the books of Ajanta 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)

