

QP CODE: 23145543



Reg No :

Name :

M COM DEGREE (CSS) EXAMINATION, DECEMBER 2023

First Semester

CORE - CM010101 - SPECIALISED ACCOUNTING

M.COM FINANCE AND TAXATION, M.COM FINANCE AND TAXATION (SF), M.COM MARKETING AND
INTERNATIONAL BUSINESS (SF), M.COM MANAGEMENT AND INFORMATION TECHNOLOGY (SF)

2019 ADMISSION ONWARDS

C5D2C160

Time: 3 Hours

Weightage: 30

Part A (Short Answer Questions)

Answer any **eight** questions.

Weight **1** each.

1. What are accounting standards? Explain the main objective of these standards.
2. Small Ltd., used certain resources of Big Ltd. In return Big Ltd. received Rs. 10 lakhs and Rs. 15 lakhs as interest and royalties respectively from Small Ltd. during the year 2018-19. You are required to state whether and on what basis these revenues can be recognized by Big Ltd. In the light of AS-9
3. What is fair value of a share and how it is calculated?
4. What is meant by pooling of interest method?
5. What do you mean by inter-company owings?
6. What do you mean by inter-company holdings?
7. Write three differences between NBFC and Bank.
8. Mention two functions of Mutual Funds.
9. Calculate the NAV of a Mutual Fund with a scheme size of 10 Cr. having a face value per unit of Rs. 10 and investment on shares having a market value of Rs. 50 Cr.
10. What do you mean by fraudulent financial reporting?

(8×1=8 weightage)

Part B (Short Essay/Problems)

Answer any six questions.

Weight 2 each.

11. Rama Ltd., has provided the following information: Depreciation as per accounting records - Rs. 2,00,000/- Depreciation as per income tax records - Rs. 5,00,000/- Unamortised preliminary expenses as per tax record - 30,000/- There is adequate evidence of future profit sufficiency. Tax rate is 50%. How much deferred tax asset/liability should be recognised as transition adjustment as per AS-22?

12. X Ltd. is having a plant (asset) carrying amount of which is Rs.100 lakhs on 31.3.2017. Its balance useful life is 5 years and residual value at the end of 5 years is Rs. 5 lakhs. Estimated future cash flow from using the plant in next 5 years are:

For the year ended on Estimated Cash Flow (Rs. In Lakhs)

31/03/2018	50
31/03/2019	30
31/03/2020	30
31/03/2021	20
31/03/2022	20

Calculate "value in use" as per AS-28 for the plant if the discount rate is 10% and also calculate the recoverable amount if net selling price of plant on 31.3.2017 is Rs.60 lakhs.

(PV Factors @ 10% are 0.909, 0.826, 0.751, 0.683, 0.620)

13. The following is the Balance Sheet of P. Ltd. as at 31.12.2018:

Liabilities	Rs.	Assets	Rs.
Share Capital:		Goodwill	20,000
20,000 Equity Shares of Rs. 10 each	2,00,000	Building at Cost	80,000
Profit and Loss Account	40,000	Plant & Machinery at Cost	50,000
Depreciation Fund:		Sundry Debtors	30,000
Building	5,000	Less: Reserve for Bad Debts	3,000
Plant and Machinery	3,000		27,000
Sundry Creditors	22,000	Stock-in-Trade	43,000
Bills Payable	4,000	Cash at Bank	50,000
Provision for Taxation	6,000	Discount on Issue of Shares	10,000
	2,80,000		2,80,000

The profits of the past four years (before providing for taxation) were: 2006 - Rs. 20,000; 2007 - Rs. 30,000; 2008. - Rs. 36,000 and 2009 - Rs. 40,000.

Compute the value of Goodwill of the company assuming that the normal rate of return for this type of company is 10%.
Income Tax is payable @50% on the above profits

14. Explain the different methods of calculating purchase consideration.
15. What entries should be passed in the books of a company that goes into liquidation for the purpose of amalgamation?
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. Explain how the assets of NBFCs are classified.
18. Name a few potential users of block chain technology.

(6×2=12 weightage)

Part C (Essay Type Questions)

Answer any **two** questions.

Weight **5** each.

19. Answer the following : The following information is available for Raja Ltd. for the accounting year 2017-18 and 2018-19. Net Profit: Year 2017-18 Rs. 25,00,000/- Net Profit: Year 2018-19 Rs. 40,00,000/- No. of shares outstanding prior to right issue 12,00,000 shares. Right issue : One new share for each three outstanding i.e. 4,00,000 shares : Right issue Price Rs. 22 : Last date of exercise rights 30-6-2018 Fair rate of one equity share



immediately prior to exercise of rights on 30-6-2018 = Rs. 28. You are required to compute the Basic EPS for the years 2017-18, 2018-19 and Restated EPS for 2017-18 as per AS-20.

20. What do you understand by goodwill? Under what circumstances does it arise? Explain and illustrate the different methods of calculating goodwill?

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

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

1. J Ltd. to take over 8 % Debentures and to convert these into 60-10% debentures of ₹ 1,000 each.
2. 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.
3. Preference shareholders of A Ltd. insisted for allotment of 900- 11 % Redeemable Preference shares of ₹ 100 each.
4. 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.
5. The assets of A Ltd. are taken over at book value except plant which is taken over at ₹ 2,90,000.
6. 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)