

QP CODE: 21002192



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Reg No :

Name :

M COM DEGREE (CSS) EXAMINATION, NOVEMBER 2021

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

014DB0D1

Time: 3 Hours

Weightage: 30

Part A (Short Answer Questions)

*Answer any **eight** questions.*

Weight 1 each.

1. Write short notes on Deferred Taxation as per AS-22
2. What do you mean by intangible asset? Explain recognition and initial measurement of an intangible asset in accordance with AS-26.
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. How the difference in the purchase price and net value of the acquiree company is dealt with in case of amalgamation?
5. What is intrinsic value of shares?
6. What do you mean by inter-company owings?
7. Define an NBFC.
8. What do you mean by Equity Fund?
9. What is meant by Expense Ratio of Mutual Funds?
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. Capital Cables Ltd., has a normal wastage of 4% in the production process. During the year 2013-14 the Company used 12,000 MT of raw material costing Rs. 150 per MT. At the end of the year 630 MT of wastage was in stock. The accountant wants to know how this wastage is to be treated in the books. Explain in the context of AS 2 the treatment of normal loss and abnormal loss and also, find out the amount of abnormal loss if any.
12. 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.
13. What is goodwill? How is it generally valued? Explain and illustrate at least three important methods of its valuation.
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. Explain about the liquid asset requirements of an NBFC.
17. Calculate the amount of provision, which must be made against the Advances as per the Non-Banking Financial Company – Non-Systemically Important Non-Deposit taking Company (Reserve Bank) Directions, 2016

	Rs. in lakhs
Standard assets	14,000
Sub-standard assets	1,150
Secured portions of doubtful debts:	
• upto one year	290
• one year to three years	110
• more than three years	20
Unsecured portions of doubtful debts	80
Loss assets	35

18. What are the techniques used in Forensic Accounting?

(6×2=12 weightage)

Part C (Essay Type Questions)

Answer any **two** questions.

Weight 5 each.

19. Write an essay on 'Accounting Standard Setting Process' and explain any five Accounting Standards.
20. Below are given the liabilities and assets of Prosperous Ltd. as on 31st March, 2014 :

Liabilities	Rs	Assets	Rs
Share Capital:		Fixed Assets :	
6% Preference Shares of Rs 100 each fully paid	1,00,000	Goodwill	50,000

Equity Shares of f 100 each fully paid	2,00,000	Land and Building	1,10,000	
		Machinery	1,50,000	
		Furniture	20,000	3,30,000
Reserves & Surplus: Development Rebate Reserve	30,000	Investment:		
General Reserve	50,000	5 % Govt. Securities at		
Capital Reserve	10,000	cost (nominal value 40,000)		50,000
Surplus Account	60,000	Current Assets, Loans and Advances:		
		Stock	1,50,000	
Secured Loan : 5% Debentures	60,000	Debtors	60,000	
Current Liabilities & Provisions:	90,000	Cash & Bank Balances	30,000	2,40,000
Sundry Creditors				
Provision for Taxation	20,000			
	6,20,000			6,20,000

Assets are revalued as under : Land & Building f 1,50,000 ; Machinery f 1,25,000 ; Furniture f 25,000.

The normal return on capital employed for valuation of goodwill is 10%, the basis of valuation being 3 years' purchase, of super profits. 50% of the investment in Building is treated as non-trading asset because a sum of Rs 7,000 is collected annually as rent from the Building. Ascertain the value of each Equity Share assuming that the average annual profit (less tax) is Rs 60,000.

21. Following are the summarized Balance Sheet of Jai Ltd. and Bharath Ltd. as at 31-03-2018 .

	Jai Ltd. ₹	Bharath Ltd. ₹
I. Equity and Liabilities		
<i>(1) Shareholder's Funds</i>		
a. Share Capital:		
<i>14% preference shares of ₹ 100 each</i>	11,00,000	8,50,000
<i>Equity shares of ₹ 10 each</i>	25,00,000	15,00,000
b. Reserves and Surplus		
<i>General Reserves</i>	2,50,000	2,50,000
<i>Export Profit Reserve</i>	1,50,000	1,00,000
<i>Investment Allowance Reserve</i>	-	50,000
<i>Surplus A/c</i>	3,75,000	1,25,000
<i>(2) Non- current Liabilities</i>		

15% Debentures (₹ 100)	2,50,000	1,75,000
(3) Current Liabilities		
Sundry Creditors	1,50,000	75,000
Bills Payable	75,000	1,00,000
Other current liabilities	1,00,000	75,000
Total	49,50,000	33,00,000
II. ASSETS		
(1) Non-current Assets		
Fixed Assets	31,62,500	18,00,000
Investments	3,50,000	2,50,000
(2) Current Assets		
Inventories	6,25,000	4,75,000
Debtors	4,00,000	4,60,000
Trade Receivables	50,000	55,000
Cash at bank	3,62,500	2,60,000
Total	49,50,000	33,00,000

The Purchase consideration is discharged as follows:

- Issued 1,65,000 equity shares of ₹ 10 each at par to the equity shareholders of Bharath Ltd.
- Issued 15% preference shares of ₹ 100 each to discharge the preference shareholders of Bharath Ltd. at 10% premium.
- The Debentures of Bharath Ltd. will be converted to equivalent number of Debentures of Jai Ltd.
- The statutory reserves of Bharath Ltd. is to be maintained for 2 years.
- Expenses of amalgamation amounting to ₹ 10,000 will be borne by Jai Ltd.

Show the opening journal entries and the opening Balance Sheet of Jai Ltd. as at 01-04-2018 after amalgamation on the assumption that the amalgamation is in the nature of merger.

22. Explain the features, benefits, uses and users of block chain technology.

(2×5=10 weightage)