

D 140621**(Pages : 4)****Name.....****Reg. No.....**

**SECOND SEMESTER M.Com. (CBCSS) REGULAR/SUPPLEMENTARY
DEGREE EXAMINATION, APRIL 2026**

Master of Commerce

MCM 2C 06—ADVANCED CORPORATE ACCOUNTING

(2019 Admission onwards)

Time : Three Hours

Maximum : 30 Weightage

*Answers should be written in **English** only.*

Part A

*Answer any **four** questions.
Each question carries 2 weightage.*

1. What do you mean by Statement of Affairs ?
2. What is Vertical Merger ?
3. What is meant by 'Cross Holding' ?
4. Define Inflation Accounting.
5. What is Forensic Accounting ?
6. What is Operating Lease ?
7. What do you mean by 'Deferred Tax' ?

(4 × 2 = 8 weightage)

Part B

*Answer any **four** questions.
Each question carries 3 weightage.*

8. B & P Ltd. availed a lease from N & L Ltd. The conditions of the lease terms are as follows :
 - (a) Lease period is three years in the beginning of the year 2018, for equipment costing Rs. 10,00,000 and has an expected useful life of five years.
 - (b) The fair market value is Rs. 10,00,000.
 - (c) The property reverts back to the lesser on termination of the lease.
 - (d) Three equal annual payments are made at the end of each year (consider IRR = 10 %).

The present value of Re. 1 due at the end of third year at 10 % rate of dividend is Rs. 0.7513. The present value of annuity of Re. 1 due at the end of third year at 10 % IRR is Rs. 2.4868.

Turn over

9. Following particulars relate to a limited company which has gone into voluntary liquidation. You are required to prepare Liquidators Statement of Account allowing for his remuneration at 2.5 % on all assets realised excluding call money received and 2 % on the amount paid to unsecured creditors including preferential creditors.

Share capital issued :

- 10,000 preference shares of Rs. 100 each fully paid up
- 50,000 equity shares Rs. 10 each fully paid up
- 30,000 equity shares Rs. 10 each, Rs. 8 paid up

Assets realised Rs. 20,00,000 excluding the amount realised by sale of securities held by partly secured creditors.

	Rs.
Preferential creditors ...	50,000
Unsecured creditors ...	18,00,000
Partly secured creditors (Assets realised Rs. 3,20,000) ...	3,50,000
Debenture holders having floating charge on all assets of the company ...	6,00,000
Expenses of liquidation ...	10,000

A call of Rs. 2 per share on partly paid equity shares was duly received except in case of one share holder owning 1000 shares.

10. Calculate the gearing adjustment required under Current Cost Accounting Method :

	Opening (Rs.)	Closing (Rs.)
Convertible debentures ...	200	240
Bank Overdraft ...	120	160
Cash ...	20	60
Paid up share capital ...	300	400
Reserves ...	100	160
		Rs.
Cost of Sales Adjustment ...		40
Monetary working Capital Adjustment ...		30
Depreciation Adjustment ...		<u>10</u>
		80

11. ST Ltd. is considering acquiring MN Ltd. on share exchange basis. Information relating to the companies as follows :

	ST Ltd.	MN Ltd.
Number of shares ...	1,20,000	80,000
Earnings after tax ...	Rs. 6,00,000	Rs. 2,40,000
Earnings per share ...	Rs. 6	Rs. 4
P/E Ratio ...	13	7

You are required to calculate :

- (a) Premerger market value per share.
 - (b) Maximum share exchange ratio that ST Ltd. should offer without diluting (i) EPS and (ii) Market value per share.
12. Explain the problems and limitations of Human Resource Accounting.
 13. Explain the need for Forensic Accounting.
 14. Explain the main forms of Environmental Accounting.

(4 × 3 = 12 weightage)

Part C

*Answer any two questions.
Each question carries 5 weightage.*

15. P Ltd. and Q Ltd. agreed to amalgamate and form a new company called PQ Ltd. Data taken from the books of both the companies on the date of amalgamation stood as below :

<i>Cr. Balance</i>		<i>P Ltd. (Rs.)</i>	<i>Q Ltd. (Rs.)</i>	<i>Dr. Balance</i>		<i>P Ltd. (Rs.)</i>	<i>Q Ltd. (Rs.)</i>
Equity shares ... (Rs. 100 each)		8,20,000	3,20,000	Goodwill ...		1,00,000	80,000
9 % preference shares (Rs. 100 each) ...		3,80,000	2,80,000	Land and Building ...		4,50,000	3,40,000
8 % Debentures ...		2,00,000	1,00,000	Furniture and fittings ...		1,00,000	50,000
General Reserve ...		1,50,000	50,000	Plant and Machinery ...		6,20,000	4,50,000
Surplus Account ...		3,52,000	2,05,000	Debtors ...		3,25,000	1,50,000
Unsecured loan ...		—	1,75,000	Stock ...		2,33,000	1,05,000
Creditors ...		88,000	1,60,000	Cash at bank ...		1,08,000	95,000
				Cash in hand ...		54,000	20,000
		<u>19,90,000</u>	<u>12,90,000</u>			<u>19,90,000</u>	<u>12,90,000</u>

PQ Ltd. took over assets and liabilities of both the companies at book values after creating provision at 5 percent on stock and debtors respectively and depreciating furniture and fittings by 10 percent, Plant and Machinery by 10 percent. The debtors of P Ltd. include Rs. 25,000 from Q Ltd.

PQ Ltd. will issue :

- (a) Five preference shares of Rs. 20 each at Rs. 18 paid up at premium of Rs. 4 per share for each preference share held in both the companies.
- (b) Six equity shares of Rs. 20 each at Rs. 18 paid up a premium of Rs. 4 per share for each equity share held in both the companies.

Turn over

- (c) 6 % debentures to discharge 8 % debentures of both the companies.
- (d) 20,000 new equity shares of Rs. 20 each for cash at Rs. 18 paid up a premium of Rs. 4 per share.

PQ Ltd. will pay cash to equity shareholders of both the companies in order to adjust their rights as per the intrinsic value of the shares of both the companies.

Prepare Ledger Accounts in the books of P Ltd. and Q Ltd. to close their books.

16. Alap company went into liquidation on 31st March 2016 and following particulars are provided :

	Rs.
Equity share capital 30,000 shares of Rs. 20 each Rs. 10 paid up ...	3,00,000
6 % Preference shares 60,000 shares of Rs. 10 each fully paid ...	6,00,000
5 % First Mortgage having floating charge ...	4,50,000
Fully secured creditors (value of securities Rs. 1,05,000) ...	90,000
Partly secured creditors (value of securities Rs. 30,000) ...	60,000
Preferential creditors for rent, taxes etc. ...	18,000
Bills Payable ...	3,00,000
Unsecured Creditors ...	2,10,000
Bank Overdraft ...	30,000
Bills Receivables ...	45,000
Bills discounted (Rs. 1,20,000 of which Rs. 30,000 are bad) ...	—
Book debts	
Good ...	30,000
Doubtful (estimated to produce 50%) ...	21,000
Bad ...	18,000
Land and Buildings (estimated to produce Rs. 3,00,000) ...	4,50,000
Stock in trade (estimated to produce Rs. 1,20,000) ...	1,50,000
Machinery (estimated to produce Rs. 60,000) ...	1,50,000
Cash in hand ...	3,300

Prepare Statement of Affairs.

17. Discuss the advantages and disadvantages of leasing.
18. Explain the techniques used by forensic accountant to examine frauds.

(2 × 5 = 10 weightage)