



QP CODE: 22001607



Reg No :

Name :

M COM DEGREE (CSS) EXAMINATION, JULY 2022

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

8D89C94F

Time: 3 Hours

Weightage: 30

Part A (Short Answer Questions)

*Answer any **eight** questions.*

Weight 1 each.

1. What is the primary consideration in the selection of accounting policies by an enterprise?
2. Write short notes on Deferred Taxation as per AS-22
3. What are the various circumstances under which Goodwill is valued?
4. List the names of various methods of calculating purchase consideration.
5. What do you mean by inter-company owings?
6. How inter-company holdings is adjusted in the books of the Transferee Company?
7. Write three differences between NBFC and Bank.
8. What is meant by Assets Under Management?
9. Calculate the NAV of a Mutual Fund scheme where (i) size of scheme is 100 Cr. (ii) face value per unit of Rs. 10 and (iii) investment on shares has a market value of Rs. 350 Cr.





10. State the different laws related to Green accounting.

(8×1=8 weightage)

Part B (Short Essay/Problems)

Answer any **six** questions.

Weight 2 each.

11. Net profit for the year 2017: Rs.12,00,000/- Weighted average number of equity shares outstanding during the year 2017: 5,00,000 shares Average fair value of one equity share during the year 2017: Rs. 20.00/- Weighted average number of shares under option during the year 2017: 1,00,000 shares Exercise price for shares under option during the year 2017: Rs. 15.00/- Compute Basic and Diluted Earnings Per Share as per AS-20.

12. Answer the following:

An enterprise acquired patent right for Rs. 400/- lakhs. The product life cycle has been estimated to be 5 years and the amortization was decided in the ratio of estimated future cash flows which are as under:

| Year | Estimated Future Cash Flows (Rs. in lakhs) |
|------|---|
| 1 | 200 |
| 2 | 200 |
| 3 | 200 |
| 4 | 100 |
| 5 | 100 |

After 3rd year, it was ascertained that the patent would have an estimated balance future life of 3 years and the estimated cash flow after 5th year is expected to be Rs. 50 lakhs each year. Determine the amortization under Accounting Standard 26.

13. Mr. Ram Nath intends to invest 66,000 in Equity Shares of a limited company and seeks your advice as to the maximum number of shares he can expect to acquire based on (i) intrinsic value including goodwill, (ii) intrinsic value excluding goodwill, (iii) yield basis and (iv) fair value of the share, to be determined by you. Following information is available:

| Issued and Paid-up Capital | |
|------------------------------------|-----------|
| 6% Preference Shares of Rs100 each | 11,00,000 |
| Equity Shares of Rs10 each | 7,00,000 |
| | 18,00,000 |





Average net profit of the business is Rs 1,50,000. Expected normal yield is 8 % in case of such equity shares. It is observed that net assets on revaluation are worth Rs 1,40,000 more than the amount at which they are stated in the books. Goodwill is to be calculated at 5 years' purchase of super profits. if any. Ignore taxation.

14. Distinguish between amalgamation and external reconstruction.
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:

- X Ltd. holds 8,000 shares in Y Ltd. @ ₹ 12.50 each.
- All assets and liabilities of the two companies, except investments are taken over by XY Ltd.
- Each share in Y Ltd. is valued @ ₹ 25 for the purpose of the amalgamation.
- 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.
- 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. The extracts of the Balance Sheets of a Non Banking Finance Company, Blue Star Finance Ltd. are given below:

| Liabilities | Amount | Assets | Amount |
|------------------------|-------------|---|-------------|
| | Rs. in 000 | | Rs. in 000 |
| Paid-up equity capital | 300 | Leased out assets | 1800 |
| Free reserves | 800 | Investments: In shares of subsidiaries and group companies | 300 |
| Loans | 900 | Investments: In debentures of subsidiaries and group companies | 300 |
| Deposits | 1100 | Cash & Bank balances | 500 |
| | | Deferred Expenditure | 200 |
| | 3100 | | 3100 |

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

17. Sundar Finance Ltd. is a Non-Banking Financial Company. The outstanding amount of the concern is ₹ 200 lakhs of which installments are overdue on 200 accounts for last two months (amount overdue ₹ 40 lakhs); on 24 accounts for three months (amount overdue ₹ 24 lakhs); on 10 accounts for more than 30 months (amount overdue ₹ 20 lakhs); on 4 accounts for more than three years (amount overdue ₹ 20 lakhs-already identified as sub-standard assets) and one account of ₹ 10 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 ₹ 6 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. What are the challenges for the implementation of Forensic Accounting in India?

(6×2=12 weightage)

Part C (Essay Type Questions)

Answer any **two** questions.

Weight 5 each.





19. Write an essay on Revenue Recognition AS-9

20. Following are the liabilities and assets of Mr. Chandy as on 30th September, 2014 :

| Liabilities | Rs | Assets | Rs |
|--------------------|-----------------|--------------------|-----------------|
| Capital | 1,64,000 | Land and Buildings | 36,000 |
| General Reserve | 40,000 | Plant | 54,000 |
| Creditors | 38,040 | Investments | 30,000 |
| | | Stock | 26,850 |
| | | Bank | 75,990 |
| | | Debtors | 19,200 |
| | 2,42,040 | | 2,42,040 |

| | Rs |
|---|--------|
| Following were the net profits for the year ended | |
| 30th September, 2012 | 32,280 |
| 30th September, 2013 | 36,870 |
| 30th September, 2014 | 43,350 |

The above amounts include income from investments, Rs 1,800 each year.

You are required to value the goodwill of the above business at 2 years' purchase of the average super profit for 3 years, taking into account the fact that the standard rate of return on capital employed in such type of business is 10% assuming that each years' profits immediately withdrawn in full by Mr. Chandy. use weighted average for calculating average profits.

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 |
| | | |





| | | |
|-------------------------------------|------------------|------------------|
| <i>b. Reserves and Surplus</i> | | |
| <i>General Reserves</i> | <i>2,50,000</i> | <i>2,50,000</i> |
| <i>Export Profit Reserve</i> | <i>1,50,000</i> | <i>1,00,000</i> |
| <i>Investment Allowance Reserve</i> | <i>-</i> | <i>50,000</i> |
| <i>Surplus A/c</i> | <i>3,75,000</i> | <i>1,25,000</i> |
| <i>(2) Non- current Liabilities</i> | | |
| <i>15% Debentures (₹ 100)</i> | <i>2,50,000</i> | <i>1,75,000</i> |
| <i>(3) Current Liabilities</i> | | |
| <i>Sundry Creditors</i> | <i>1,50,000</i> | <i>75,000</i> |
| <i>Bills Payable</i> | <i>75,000</i> | <i>1,00,000</i> |
| <i>Other current liabilities</i> | <i>1,00,000</i> | <i>75,000</i> |
| <i>Total</i> | <i>49,50,000</i> | <i>33,00,000</i> |
| II. ASSETS | | |
| <i>(1) Non-current Assets</i> | | |
| <i>Fixed Assets</i> | <i>31,62,500</i> | <i>18,00,000</i> |
| <i>Investments</i> | <i>3,50,000</i> | <i>2,50,000</i> |
| <i>(2) Current Assets</i> | | |
| <i>Inventories</i> | <i>6,25,000</i> | <i>4,75,000</i> |
| <i>Debtors</i> | <i>4,00,000</i> | <i>4,60,000</i> |
| <i>Trade Receivables</i> | <i>50,000</i> | <i>55,000</i> |
| <i>Cash at bank</i> | <i>3,62,500</i> | <i>2,60,000</i> |
| <i>Total</i> | <i>49,50,000</i> | <i>33,00,000</i> |

The Purchase consideration is discharged as follows:

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





e) 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)

