

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

D 140621-A**(Pages : 4)****Name.....****Reg. No.....****SECOND SEMESTER M.Com. (CBCSS) REGULAR/SUPPLEMENTARY
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Master of Commerce

MCM 2C 06—ADVANCED CORPORATE ACCOUNTING

(2019 Admission onwards)

(Multiple Choice Questions for SDE Candidates)

Time : 20 Minutes**Total No. of Questions : 20****Maximum : 5 Weightage****INSTRUCTIONS TO THE CANDIDATE**

1. This Question Paper carries Multiple Choice Questions from 1 to 20.
2. The candidate should check that the question paper supplied to him/her contains all the 20 questions in serial order.
3. Each question is provided with choices (A), (B), (C) and (D) having one correct answer. Choose the correct answer and enter it in the main answer-book.
4. The MCQ question paper will be supplied after the completion of the descriptive examination.

MCM 2C 06—ADVANCED CORPORATE ACCOUNTING

(Multiple Choice Questions for SDE Candidates)

1. _____ establishes principles for presenting and preparing consolidated financial statements when an entity controls one or more other entities.
(A) IFRS 12. (B) IFRS 17.
(C) IFRS 10. (D) IFRS 11.
2. _____ is an asset representing the future economic benefits arising from other assets acquired in a business combination that are not individually identified and separately recognized.
(A) Goodwill. (B) Capital Reserve.
(C) Plant and Machinery. (D) Drawings.
3. The _____ account appear in the Balance Sheet of the Holding company at the time of consolidation.
(A) Bonus share. (B) Security Premium.
(C) Share premium. (D) Capital Reserve.
4. A _____ is defined as the joining of two or more companies to form a single legal entity.
(A) Acquisition. (B) Restructuring.
(C) Merger. (D) Internal construction.
5. The tax effect on the timing differences is termed as _____.
(A) Current tax expense. (B) Income tax.
(C) Deferred tax. (D) Provision for tax.
6. In finance lease agreement, the option for the lessee to purchase the property or equipment at a specific price is known as _____.
(A) Balloon. (B) Operating Leasing.
(C) Running cost. (D) Administrative Expense.
7. _____ is the assistance of finance professionals to settle disputes concerning allegations, fraudulence, suspicion of fraud and misconduct in business.
(A) Forensic Accounting. (B) Human Resource Accounting.
(C) Financial Accounting. (D) Cost Accounting.

8. _____ manages business finances effectively, make the right decisions and maximize your profits.
- (A) Corporate Accounting. (B) Inflation Accounting.
(C) Environmental Accounting. (D) Proactive Accounting.
9. Increase in the price of various goods and services over a period of time is known as _____.
- (A) Deflation. (B) Price level changes.
(C) Shift. (D) Inflation.
10. _____ accounting deals with employees and management in an organization.
- (A) Inflation. (B) Human Resource.
(C) Environment. (D) Forensic.
11. A branch of accounting which decodes the human nature to hide failures, conceal problems, defend wrong decisions and cover up mistakes is known as _____.
- (A) Inflation Accounting. (B) Human Resource Accounting.
(C) Environment Accounting. (D) Forensic Accounting.
12. The main elements of environmental accounting are _____.
- (A) Environmental conservation costs and activities and environmental benefits.
(B) Environmental activities and environmental benefits.
(C) Environmental conversion costs and environmental benefits.
(D) None of the above.
13. _____ is when a firm engages in social actions because of its obligation to meet certain economic and legal responsibilities.
- (A) Social obligation. (B) Social Responsibility.
(C) Social Responsiveness. (D) None of the above.
14. The recognition of the close link between an organisation's decisions and activities and its impact on the natural environment is called _____.
- (A) Global Environment. (B) Greening of management.
(C) Social actions. (D) None of the above.

Turn over

15. The objective of _____ is to establish the principles that an entity shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from a contract with a customer.
- (A) Ind AS 115. (B) Ind AS 100.
(C) Ind AS 110. (D) Ind AS 114.
16. Goodwill on amalgamation can rise only if _____ method is followed.
- (A) Valuation. (B) Percentage.
(C) Purchase. (D) Merger.
17. A merger of two or more companies that compete in the same industry.
- (A) Horizontal. (B) Conglomerate.
(C) Vertical. (D) None of the above.
18. A form of corporate restructuring in which the entity's business operations are segregated into one or more components is known as _____.
- (A) Horizontal. (B) Disinvestment.
(C) Demerger. (D) Takeover.
19. _____ accounting is the process by which companies and organizations record the financial impact of agreements to rent or finance the rights to use specific assets.
- (A) Corporate. (B) Responsibility.
(C) Green. (D) Lease.
20. _____ is the estimated remaining period, from the commencement of the lease term, without limitation by the lease term, over which the economic benefits embodied in the asset are expected to be consumed by the entity.
- (A) Economic life. (B) Useful life.
(C) Fair value. (D) None of the above.