

**M. Com DEGREE (C.S.S.) EXAMINATION, NOVEMBER 2021**  
**[ 2021 Admissions Regular and 2020 Admissions Improvement & Supplementary ]**  
**SEMESTER I - CORE COURSE ( COMMERCE )**  
**CO1C01TM20 - SPECIALISED ACCOUNTING**

Time : 3 Hours

Maximum Weight : 30

**Part A**

**I. Answer any Eight questions. Each question carries 1 weight**

(8x1=8)

1. Explain the two methods of recognition of revenue generated from rendering of services.
2. A Ltd. takes over the business of B Ltd., Share Capital being Rs.60,000 (Rs.10) and agrees to give for every 10 shares in B Ltd. 15 shares of Rs.10 each, Rs.8 paid up. A Ltd. also agrees to pay Rs.15,000 cash to discharge the creditors. Calculate the Purchase Consideration and also specify the method adopted in calculating the consideration.
3. Describe the classes of Goodwill.
4. List some of the factors which affect the earning capacity of business.
5. Describe how the Goodwill/ Capital Reserve arises in the books of Acquirer on Amalgamation. Give the journal entries also.
6. Explain the features of amalgamation.
7. Explain Inter Company Owings. Give the journal entry for elimination of Inter Company Owings.
8. Explain the concept of NAV in Mutual Funds.
9. Define Asset Finance Company.
10. Describe the prerequisites for implementing Blockchain Technology.

**Part B**

**II. Answer any Six questions. Each question carries 2 weight**

(6x2=12)

11. Illustrate the benefits of Accounting Standards.
12. Describe the methods of valuation of shares.
13. The Capital Structure of A Ltd. is as follows:

Particulars	Amount(Rs)
12% Preference Share Capital (Rs.10)	5,00,000
Equity Share Capital (Rs. 10)	8,00,000
Reserves & Surplus	4,00,000
10% Debentures	6,00,000
11% Term Loan	7,00,000

The average annual profit before interest and tax is Rs.6, 00, 000. Tax rate 45%. Calculate the value of Equity share if the Price Earning Ratio is 9.

14. Explain Internal Reconstruction. Write down the entries of Internal Reconstruction of a Company.

15. Following is the Balance Sheet of B Ltd. and S Ltd. for the year ending 31.03.2019. (in crores)

Particulars	B Ltd	S Ltd.
Equity Share Capital (Rs.10)	50	40
10% Preference Share Capital	0	60
Reserves and Surplus	200	150
	250	250
Loans- Secured	100	100
	350	350
Fixed Assets	150	150
Current Assets	200	200
	350	350

The present worth of Fixed Assets of B Ltd. is Rs. 200 crores and S Ltd. Rs 429 crores. Goodwill of B Ltd. Rs. 40 crores and S Ltd. Rs. 75 crores. S Ltd. absorbs B Ltd. by issuing shares at par in such a way that intrinsic net worth is maintained. Calculate the number of shares to be issued by S Ltd.

16. Differentiate between Banks and Non-Banking Financial Companies.  
 17. Describe the Asset Classification norms for NBFC.  
 18. Explain the benefits of implementing Blockchain Technology.

### Part C

#### III. Answer any Two questions. Each question carries 5 weight

(2x5=10)

19. Given below is the Balance Sheet of M Ltd. as at 31.03.2019 (in Rupees).

Equity Share Capital	3,00,000
8% Preference Share Capital	2,00,000
General Reserve	50,000
Revenue Reserve	20,000
Debenture Redemption Fund	25,000
10% Debentures	50,000
Creditors	40,000
	6,85,000
Fixed Assets	5,00,000
Stock	1,00,000
Debtors	60,000
Bills Receivable	25,000
	6,85,000

Find out the value of shares if a) Preference shares have priority both as to the payment of capital and dividend of current year b) Priority as to the payment of Capital only c) Priority as to payment of dividend only d) have no priority.

20. Define Purchase Consideration and explain the different methods of calculating Purchase consideration with

examples.

21. Ledger balances of S Ltd. and C Ltd. As at 31.03.2019 were as under:

Liabilities	S Ltd.	C Ltd.	Assets	S Ltd.	C Ltd.
Share Capital (Rs. 10)	3,75,000	3,00,000	Fixed Assets	4,75,000	2,75,000
Reserves	2,25,000	25,000	Stock	1,25,000	75,000
7% Debentures	-	1,00,000	Debtors	1,50,000	1,00,000
Creditors	1,40,000	1,25,000	Bank	50,000	1,25,000
provision for taxation	60,000	25,000			
	8,00,000	5,75,000		8,00,000	5,75,000

It was agreed that S Ltd. should absorb C Ltd. As at 31.03.2019 on the basis of the following information:

- The adjusted profits for the last three years are:

Year ending 31.03.2019	2,25,000	1,50,000
Year ending 31.03.2018	2,40,000	1,35,000
Year ending 31.03.2017	2,35,000	90,000

- The shares of the companies were to be valued on net assets basis subject to goodwill of C Ltd. Taken at 1 year's purchase of average profits of three years and no goodwill for S Ltd.
- 7% Debentures are to be repaid on 31.03.2019 at par by C Ltd.
- Fixed Assets of S Ltd. Are to be valued at Rs.6,25,000.
- Cost of absorption Rs.5,000 is met by S Ltd.

Required to calculate the ratio of exchange of shares and draw up the resulting Balance Sheet of S Ltd. after absorption.

22. Explain the concept of Green Accounting and the underlying laws related to Green Accounting. Illuminate the steps required to adopt Green Accounting.