

G 17003011



17J03011

Reg. No.....

Name.....

M.Com. DEGREE (C.S.S.) EXAMINATION, JULY 2017

Second Semester

Faculty of Commerce

AF 02C06—ADVANCED FINANCIAL ACCOUNTING—II

(2012 Admission onwards)

Time : Three Hours

Maximum Weight : 30

Section A

*Answer any five out of eight questions.
Each question carries a weight of 1.*

1. What is meant by 'Minority Interest' ?
2. Define 'Holding Company'.
3. What are the advantages of Double Account system ?
4. What is 'Development Reserve' ?
5. What is 'Liquidation of a company' ?
6. Describe the mode of winding up.
7. Why voyage account is prepared ?
8. What is 'Green Accounting' ?

(5 × 1 = 5)

Section B

*Answer any five out of eight questions.
Each question carries a weight of 2.*

9. Describe the various list to be attached to the statement of affairs.
10. Explain the accounting treatment under 'pure underwriting'.
11. What is 'Farm Accounting' ? What are the steps in farm accounting ?
12. What are the advantages of Green Accounting ?
13. S Ltd. is a subsidiary with a paid up equity share capital of Rs. 3,00,000 in shares of Rs. 10 each purchased outright by H Ltd. For Rs. 5,00,000. On the date of acquisition, the credit balance of revenue reserve of S Ltd. is Rs. 1,50,000. Therefore, out of its revenue reserve, S Ltd. Declares a bonus issue of one equity share for every three held and thus reduce the revenue reserve to Rs. 50,000 in its financial books and increase its issued capital to Rs. 4,00,000. Calculate the cost of control acquiring shares of S Ltd. Before the issue of bonus shares and after the issue of bonus shares.

Turn over





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14. From the following information you are required to prepare consolidated balance sheet :—

<i>Liabilities</i>	M Ltd. Rs.	N Ltd. Rs.	<i>Assets</i>	M Ltd. Rs.	N Ltd. Rs.
Share capital : Shares			Sundry Assets	16,000	8,000
of Re. 1	12,000	5,000	4,000 shares in		
Sundry liabilities	8,000	3,000	N Ltd.	4,000	—
	<u>20,000</u>	<u>8,000</u>		<u>20,000</u>	<u>8,000</u>

15. What shall be amount to be charged to revenue and capitalized if the asset of material reused Rs. 12,000 and sale proceeds of old materials are Rs. 8,000? Should the sale or reuse of old material make any difference in the capital charge?
16. Mr. Mani Indian Express is regularly employed on cargo trade between India and East Africa. She set on her voyage on 1st July 2005. You are required to prepare voyage account bearing in mind the following particulars.
- The vessel was purchased in 1998 for Rs. 100 lakhs and at the time of purchase has 16 years working life left. Depreciation on ship is charged on straight line method.
 - Standing cost per day excluding recovery of depreciation is Rs. 22,000.
 - The vessel consumes daily 14 tonnes of fuel oil, 2 tonnes of diesel and 15 tonnes of fresh water. The cost of these are Rs. 1,000, Rs. 1,350 and Rs. 20 per tone respectively.
 - The vessel carried the under mentioned cargo : 4,000 tonnes on which freight of Rs. 375 per tone was charged and 3,500 tonnes on which the rate of freight was Rs. 190 per tone. Both the rates are to be enhanced by a surcharge of 20 % over the basic rates.
 - Freight brokers were due to a brokerage of 2.5 %.
 - Port charges at the loading and discharging ports were Rs. 40,000 and Rs. 85,000 respectively.

(5 × 2 = 10)

Section C

Answer any **three** out of six questions.
Each question carries a weight of 5.

17. What are the steps to be followed by Green Accounting?





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18. The following is the balance sheet of H and S Ltd. at 31st December, 2004 were as follows :-

Liabilities	H Rs.	S Rs.	Assets	H Rs.	S Rs.
Share capital : 50,000			Fixed assets	3,50,000	1,45,000
Equity shares			Investment :		
of Rs. 100 each			15,000 Equity		
fully paid	5,00,000	—	shares of Rs. 10		
20,000 Equity shares of			each	1,50,000	—
Rs. 10 each fully paid	—	20,000	Bills receivable	40,000	20,000
Bills payable	50,000	30,000	Debtors	1,00,000	80,000
Sundry Creditors	1,00,000	40,000	Cash and Bank	20,000	10,000
Current account			Current Account		
S Ltd	10,000		H Ltd.	—	15,000
	6,60,000	2,70,000		6,60,000	2,70,000

Contingent liabilities for Bills discount Rs. H Ltd. Rs. 4,000 and S Ltd. Rs. 6,000

Additional information :

- Sundry creditors of S Ltd. include Rs. 10,000 due to H Ltd.
- Bills receivables of H Ltd. include Rs. 8,000 accepted by S Ltd.
- Bills receivables of S Ltd. include Rs. 10,000 accepted by H Ltd.
- The difference in current account of the companies is due to the fact that a cheque for Rs. 5,000 was sent by H Ltd. But not reached S Ltd. as yet.
- Contingent liability of Rs. 4,000 for bills discounted as shown in the balance sheet of H Ltd. Relates to a bills accepted by S Ltd. Prepare a consolidated balance sheet as at 31st December, 2004.

19. The following is the balance sheet of A Ltd. and its subsidiary B Ltd. As on 31st December, 2010.

Liabilities	A Ltd. Rs.	B Ltd. Rs.	Assets	A Ltd. Rs.	B Ltd. Rs.
5,000 Equity shares of			Land and Building	1,00,000	40,000
Rs. 100 each			Plant and Machinery	1,00,000	50,000
fully paid	5,00,000	—	Stock	90,000	30,000
10,000 Equity shares			Debtors	40,000	30,000
of Rs. 10 each			Bills receivables	5,000	—
fully paid	—	1,00,000	Bank	1,00,000	20,000
Reserves	10,000	40,000	Cash	5,000	5,000
Creditors	20,000	30,000	Investment : 7,500		
Bills payable	—	5,000	shares of B Ltd.	80,000	—
	5,30,000	1,75,000		5,30,000	1,75,000

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A Ltd acquired shares in B Ltd. On 1-1-2010 when B Ltd. had Rs. 10,000 in general reserve. No dividend has been declared by B Ltd. In 2010. All bills receivables of A Ltd. Are drawn on B Ltd. You are required to prepare a consolidated balance sheet of A Ltd. And its subsidiary B Ltd. as on 31st December, 2010.

20. From the following particulars draw up : (i) Capital Account ; (ii) General balance sheet as on 30th June, 2008 on double account system ;

Authorized capital Rs. 30,00,000, Subscribed capital Rs. 26,00,000, 11 % Debentures Rs. 4,00,000, Trade creditors Rs. 1,60,000, Reserves Rs. 1,50,000, Trade debtors Rs. 3,80,000, Cash in hand and bank Rs. 3,50,000, Investment Rs. 1,50,000, Stock Rs. 2,40,000.

Expenditure to 30th June 2007 : Land Rs. 1,20,000, Shafting Rs. 13,50,000, Machinery Rs. 4,00,000, Building Rs. 1,40,000.

The expenditure during the year ended 30-6-2008 was Rs. 2,50,000, Rs. 2,50,000, Rs. 1,00,000 respectively on the last three items and a Renewal fund of Rs. 2,50,000 had been created. The balancing item of Rs. 1,60,000 may be taken as profit of the company.

21. The balance sheet of Mr. Sethu Ltd. as on 31st December, 2004 :

Liabilities	Rs.	Assets	Rs.
Shares : 8,000 preference		Land and Building	... 25,000
shares of Rs. 10 each	... 80,000	Other Fixed assets	... 2,00,000
12,000 Equity shares of		Stocks	... 5,25,000
Rs. 10 each	... 1,20,000	Debtors	... 1,00,000
Bank loan	.. 4,00,000	Profit and Loss Accounts	... 58,000
8% Debentures	... 1,00,000		
Interest outstanding on			
Debentures	.. 8,000		
Creditors	... 2,00,000		
	<u>9,08,000</u>		<u>9,08,000</u>

The company went into liquidation on the date. Prepare liquidators statement account after taking into account the following :

- Liquidator expenses and liquidator's remuneration amounted to Rs. 3,000 and Rs. 10,000 respectively.
 - Bank loan was secured by pledge of stock.
 - Debentures and interest thereon are secured by a floating charge on all assets.
 - Fixed assets were realized at book values and current assets at 80% of book values.
22. A entered into contract with B Ltd. To underwrite its 5,000 shares of Rs. 10 each in consideration of 5% commission. He also enters into an agreement with C to sub-underwrite 1,000 shares of B Ltd. at a commission on 3%. The public subscribes for 2,000 shares only and subsequently the shares were taken up by A who sold his shares @ Rs. 9 per share. Expenses of underwriting amounts to Rs. 600. Prepare underwriting account in the books of A.

(3 × 5 = 15)

