

**M.Com. DEGREE (C.S.S.) EXAMINATION, AUGUST 2016****Second Semester**

Faculty of Commerce

AF 02 C06—ADVANCED FINANCIAL ACCOUNTING II

(2012 Admissions)

Time : Three Hours

Maximum Weight : 30

**Section A**

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

1. Define 'Holding Company'.
2. What is 'Mutual Owings' ?
3. What are the features of Double Account system ?
4. What is 'Clear profits' ?
5. What do you mean by Liquidation of a company ?
6. Explain the different types of Winding up.
7. What is 'Underwriting' ?
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. What are the powers of a liquidator ?
10. Describe the expenses incurred in Voyage Account.

**Turn over**

11. What are the different steps in 'Farm Accounting' ?
12. What are the different services of Green Accounting ?
13. Ms. Sivika Ltd. has the capital of Rs. 3,00,000 in shares of Rs. 10 each Out of which Lalitha Ltd. purchased 80 % at Rs. 3,80,000. The profit of Sivika Ltd. At the time of purchase of shares by Selvi Ltd. Were Rs. 1,20,000. The Sivika Ltd. Decided to make a bonus issue out of preacquisition profits of one shares of Rs. 10 each fully paid for every three shares held. Calculate the cost of control for Selvi Ltd. Before the issue of bonus shares and after the issue of bonus shares.
14. The following are the balance sheet of H ltd. And S ltd. As at 31<sup>st</sup> March, 2012.

<i>Liabilities</i>	<i>H Ltd.</i>	<i>S Ltd.</i>	<i>Assets</i>	<i>H Ltd.</i>	<i>S Ltd.</i>
	Rs.	Rs.	Rs.	Rs.	Rs.
Share capital :					
Shares of Rs. 10 each,					
fully paid	5,00,000	2,00,000	Sundry Assets	5,60,000	2,60,000
Reserves	1,00,000		60 % shares in		
			S ltd. (at cost)	1,20,000	
Creditors	80,000	60,000			
	6,80,000	2,60,000		6,80,000	2,60,000

Prepare the consolidated balance sheet as at 31<sup>st</sup> March, 2012.

15. The original cost of power house was Rs. 5,00,000 which is to be replaced by a new one. The cost of new one is Rs. 15,00,000. But the estimated cost of original one (same size) is Rs. 8,00,000. What amount should be charged to Revenue and Capital if material used for Rs. 15, 000 and sale proceeds to he old materials are Rs. 10,000 ? Should there be any difference in capital charge between the sale and re-use of old materials ? Show also the necessary accounts.

16. X Ltd. Issued 10,000 shares of Rs. 100 each at a premium of Rs. 15 each. Ninety percent of the issue was underwritten by M/s broker and co. at a commission of 15 of the normal face value. Application was received for 8,000 shares and allotment was fully made. All the money due from allottees was received in one installment. The accounts with broker and co. were settled. Give the journal entries.

(5 × 2 = 10)

### Section C

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

17. Explain the Green Accounting process.
18. The following is the balance sheet of H and S :

Liabilities	H Rs.	S Rs.	Assets	H Rs.	S Rs.
Share capital	10,000	8,000	6,400 share in S company	7,000	
General Reserves	4,000	2,000	Other assets	10,000	11,000
Profit (current)	3,000	1,000			
	17,000	11,000		17,000	11,000

At the time of acquisition of shares by H company in S company, on 1<sup>st</sup> January 2009 plant of Rs. 6,000 of S Ltd. was revalued at Rs. 8,000 and furniture of S Ltd. of Rs. 2,000 was revalued at Rs. 1,500. The balance sheet of S Ltd. Show the above assets on the non re-valued basis. Depreciation on plant at 10 % and furniture at 5 %. Prepare a consolidated balance sheet after giving effect to above revaluation from 1<sup>st</sup> January, 2009.

Turn over



19.	<i>Liabilities</i>	<i>A Ltd.</i> Rs.	<i>B Ltd.</i> Rs.	<i>Assets</i>	<i>A Ltd.</i> Rs.	<i>B Ltd.</i> Rs.
	Share capital :					
	Shares of Re. 1 fully paid	10,000	5,000	Sundry Assets	16,000	10,000
	Reserves	5,000		5,000 shares in B Ltd.	6,000	
	Creditors	3,000	3,200			
	Profit and loss A/c	4,000	1,800			
		22,000			22,000	10,000

Shares was purchased by A ltd. Is B Ltd. on 30<sup>th</sup> June 2007. On 1<sup>st</sup> January 2007 the balance sheet of B Ltd. Showed loss of Rs. 3,000 which written of out of the profits earned during 2007. Profits are assumed to accrue evenly throughout year. Prepare consolidated balance sheet.

20. Ms. Sivadha Electricity Ltd. Earned a profit of Rs. 26,95,000 during the year ended 31<sup>st</sup> March, 2014, after debenture interest at 14 % on Rs. 5,00,000. With the help of the figures given below, show the disposal of the profits.

Particulars	Rs.
Original cost of fixed assets	..... 2,00,00,000
Formation and other expenses	..... 10,00,000
Monthly average of current assets (net)	..... 50,00,000
Reserve fund (represented by 8% government securities)	..... 20,00,000
Contingencies reserve investments	..... 5,00,000
Loan from electricity board	..... 30,00,000

Total depreciation written of to date	.....	40,00,000
Tariffs and Dividend control reserve	.....	1,00,000
Security deposit received from customers	.....	4,00,000
Assume the bank rate in	.....	10 %

21. From the data relating to company (voluntary liquidation), you are require to prepare liquidator's statement of account.

- (i) Cash with liquidator (after all assets are realized and secured creditors and debenture holders are paid Rs. 6,73,800
- (ii) Preferential creditors to be paid Rs. 30,000
- (iii) Other unsecured creditors Rs. 2,15,000
- (iv) 4,000, 6 % preference share of Rs. 100 each, fully paid
- (v) 2,000 equity shares of Rs. 100 each, Rs. 60 per share paid up
- (vi) 6,000 equity shares of Rs. 100 each, Rs. 60 per share paid up
- (vii) Liquidators remuneration 2 % preferential and other unsecured creditors
- (viii) Preference dividends were in arrears for 2 years.

22. Amway Ship commenced a voyage on 1<sup>st</sup> March 2011 from port A to port B and back. The voyage was completed on 31<sup>st</sup> April, 2011. It carried a consignment of vegetables on its outward journey and teak wood on its return journey.

The ship was insured at an annual premium of Rs. 60,000. From the following particulars draw up a voyage account.

**Turn over**

Port charges Rs. 12,500 ; Coal Rs. 75,000 ; salaries and wages Rs. 1,25,000 ; Stores purchased Rs. 21,500 ; Sundry expenses Rs. 13,750 ; Depreciation Rs. 2,40,000 ; Freight earned (out) Rs. 3,25,000 ; Freight earned (return) Rs. 1,75,000 ; Address commission 5 % on outward and 4 % on return freight ; Postage money received Rs. 25,000 ; Primage in 5 % on freight. The manager is entitled to a 5% commission on the freight earned. After charging commission, stores and coal on hand were valued at Rs. 7,500 on 31<sup>st</sup> May, 2010.

(3 × 5 = 15)