

QP CODE: 20000798



Reg No :

Name :

M.COM DEGREE (CSS) EXAMINATION , NOVEMBER 2020

Second Semester

CORE - CM010201 - ADVANCED CORPORATE ACCOUNTING

M.COM FINANCE AND TAXATION, M.COM FINANCE AND TAXATION (SF), M.COM
MANAGEMENT AND INFORMATION TECHNOLOGY (SF), M.COM MARKETING AND
INTERNATIONAL BUSINESS (SF)

2019 Admission Onwards

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Time: 3 Hours

Weightage: 30

Part A (Short Answer Questions)

*Answer any **eight** questions.*

Weight 1 each.

1. Give a note on minority interest calculation while there is preference shares.
2. Explain the procedure of treating Proposed dividend which is not given in the Balance Sheet.
3. What is a Capital Account?
4. Explain constitution of Insolvency & Bankruptcy Board of India.
5. Explain Sec.102 of the Insolvency and Bankruptcy Code.
6. Who is a contributory?
7. What is statement of Affairs?
8. On the date of the liquidation of the company, the salaries for four clerks for 4 months at the rate of Rs14000 p.m and salaries of four peons for 3 months at the rate of Rs3000 p.m are outstanding. You are required to calculate the amount to be included in Preferential creditors and unsecured creditors.
9. What is hotel accounting?
10. What is underwriting commission?

(8×1=8 weightage)

Part B (Short Essay/Problems)

*Answer any **six** questions.*

Weight 2 each.

11. From the following balance sheet of H Ltd. and its subsidiary S Ltd., prepare a consolidated balance sheet.

Balance Sheet as on 31st December 2019

| Liabilities | H Ltd. (Rs) | S Ltd. (Rs) | Assets | H Ltd. (Rs) | S Ltd. (Rs) |
|--|----------------|----------------|---|---------------|---------------|
| Share Capital (in shares of Rs. 10 each) | 20,000 | 10,000 | Sundry Assets | 20,000 | 15,000 |
| Sundry Liabilities | <u>10,000</u> | <u>5,000</u> | Investments in shares of S Ltd. (1,000 shares) | <u>10,000</u> | <u> </u> |
| | <u>30,000</u> | <u>15,000</u> | | <u>30,000</u> | <u>15,000</u> |

12. Write a note on 'Issue of Bonus Shares out of pre-acquisition profit'.
13. Explain the pros and cons of Double Account System.
14. Windmill Ltd. supplying electricity maintains its accounts on double account basis. It incurred an expenditure of Rs. 25,00,000 to renovate its works. The relevant part of old works had costed Rs. 10,00,000. The capacity of new works will be double the capacity of old works. A sum of Rs.5,00,000 is realized by the sale of old materials. Old materials of the value of Rs. 2,00,000 are used in the new works. Cost escalation (since old works were built) is as follows:
Materials- 20 %; Labour- 25%. The cost constitutes 3/5 th for materials and 2/5 th for labour. Show (a) the amount of improvement to be capitalized (b) the amount to be written off to revenue and (c) journal entries to record the transactions.
15. Explain the provisions under sec.60 of the code for Adjudicating Authority for corporate persons.
16. Explain briefly the process of distributing amounts realised from the assets not specially pledged and amount contributed by contributories at the time of liquidation.
17. On Liquidation AB Ltd realizes Rs 3, 02,000 from assets. Amount due to unsecured creditors amounts to Rs 4, 00,000. Preferential creditors not included in the unsecured creditors amounts to Rs 15,000. Liquidation expenses amounts to Rs 2,000. Liquidator's remuneration is 3% on assets realized and 2% on amount distributed to unsecured creditors. Calculate Liquidator's remuneration.
18. What will be the position of voyage in progress?

(6×2=12 weightage)

Part C (Essay Type Questions)

Answer any **two** questions.

Weight 5 each.

19. H Ltd. acquired 8,000 shares of Rs. 10 each in K Ltd. on 31st March 2011. The summarized Balance Sheets of the two companies as on that date were as follows :

| Particulars | H Ltd. Rs. | K Ltd. Rs. |
|------------------------------|------------|------------|
| Liabilities : | | |
| Share Capital : | | |
| 30,000 Shares of Rs. 10 each | 3,00,000 | |
| 10,000 Shares of Rs. 10 each | - | 1,00,000 |
| Capital Reserve | - | 52,000 |
| General Reserve | 25,000 | 5,000 |
| Profit & Loss Account | 38,200 | 18,000 |
| Loan from I Ltd. | 2,100 | - |



| | | |
|---|-----------------|-----------------|
| Bills payable (including Rs.1,000 to H Ltd.) | - | 1,700 |
| Creditors | 17,900 | 5,000 |
| | 3,83,200 | 1,81,700 |
| Assets : | | |
| Fixed Assets | 1,50,000 | 1,44,700 |
| Investments in K Ltd. at cost | 1,70,000 | - |
| Stock-in-hand | 40,000 | 20,000 |
| Loan to H Ltd. | - | 2,000 |
| Bills Receivable (including Rs.700 from K Ltd.) | 1,200 | - |
| Debtors | 20,000 | 10,000 |
| Bank | 2,000 | 5,000 |
| | 3,83,200 | 1,81,700 |

You are given the following information :

1. K Ltd. made a bonus issue on 31st March 2011 of one share for every two shares held, reducing the capital reserve equivalently, but the transaction is not shown in the above Balance Sheets.
2. The directors decided that the fixed assets of K Ltd. were overvalued and should be written down by Rs. 5,000.
3. Interest receivable (Rs. 100) in respect of the loan due by H Ltd. to K Ltd. has not been credited in the account of K Ltd.

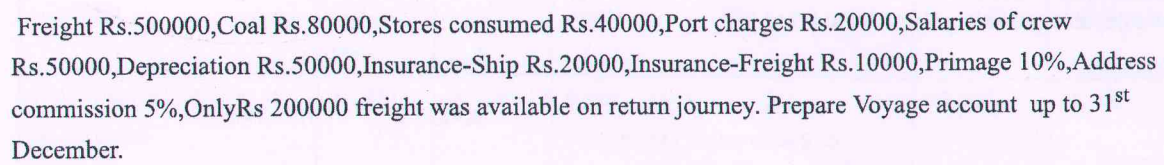
Prepare the Consolidated Balance Sheet as at 31st March 2011, showing your workings.

20. Happy Electricity Ltd. earned a clear profit of Rs. 26,95,000 for the year ended 31st March 2019 after charging interest on debentures @ 14 % on Rs. 5,00,000. Calculate the reasonable return after taking into consideration the following facts also:

| | Rs. |
|---|-------------|
| Fixed Assets (original cost) | 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 |
| Total Depreciation on fixed assets, written off to date | 40,00,000 |
| Contingency Reserve Investments | 5,00,000 |
| Loan From Electricity Board | 30,00,000 |
| Tariff and Dividend Control Reserve | 1,00,000 |
| Security Deposits received from Customers | 4,00,000 |

Assume the bank rate to be 10%.

21. Explain briefly liquidation of companies? Which are the various modes of liquidation? Which are the various statements prepared by the company at the time of Liquidation?
22. K V Irawat set on a voyage from Goa to Chennai . On 31st Dec. on which date the accounts are to be closed ,the return voyage has not been completed. The details of voyage on 31st December are as follows;



(2×5=10 weightage)