

M. COM. DEGREE END SEMESTER EXAMINATION - APRIL 2019**SEMESTER – 2: COMMERCE****COURSE: 16P2COMT06: ADVANCED FINANCIAL ACCOUNTING II***(Common for Regular - 2018 Admission / Supplementary 2017 & 2016 Admissions)*

Time: Three Hours

Max. Marks: 75

PART A**Answer any ten questions. Each question carries 2 marks**

1. How will you treat unrealised profit in consolidated Balance Sheet?
2. What is wholly owned subsidiary?
3. Define Double Account system.
4. What do you mean by Contingency Reserve?
5. What is B List of contributories?
6. Draw a proforma statement of affairs.
7. What is Voyage Account and Voyage in progress?
8. How will you prepare profit in case of incomplete voyage?
9. What is Green Accounting?
10. What are the features and objectives of green accounting?
11. What is Cross Holding?
12. Define Deficiency or Surplus account.

(2 x 10 = 20)

PART B**Answer any five questions. Each question carries 5 marks**

13. What is the treatment of Bonus Issue and Dividend by Subsidiary in the consolidated Balance Sheet?
14. Explain Elimination of Common Transactions in Consolidated Balance Sheet.
15. The following information is extracted from the books of Jewel Electricity Company Ltd. For the year ended 31-3-2010

Net profit before charging debenture interest	67,50,150
10% debenture interest paid during the year	11,25,000
Capital base of the company	3,10,89,000
Reasonable return calculated	40,68,450

You are required to give the disposal of surplus of the company.

16. A station had to be replaced by new one. The new station costs Rs.8,00,000 where the old one had cost only Rs.2,00,000. Materials forming 3/7th of the total expenditure and labour accounting for the rest. Prices of the materials have doubled and wage rate have gone up by 250% since the old station was built. Materials worth Rs.38,000 were used in the station and sale proceeds of materials were 11,000. These materials were obtained by pulling down the old station. Pass journal entries and show the total amount to be capitalised and written off?
17. What is statement of affairs? What is the procedure for its preparation?

18. S S Jalarani commenced a voyage on 1st October 2012 from Mumbai to Kolkata. The details of complete voyage, ie. Mumbai to Kolkata and back to Mumbai were as follows:

	Rs.		Rs.
Coal consumption	70,000	Freight	4,00,000
Port charges	14,000	Stores consumed	30,000

Depreciation	40,000	Salaries	48,000
Sundry Expenses	4,000	Insurance- Ship	40,000
Wages	8,000	Insurance-Freight	16,000

Primage and address commission are 10% and 5% respectively. Freight relating to the return journey amounted to Rs.1,20,000 only. The accounts are closed on 31st December. The ship was on her half way back to Mumbai on the date to closing the accounts. Prepare Voyage account up to 31st December 2012.

19. X Ltd issued 2,00,000 equity shares of Rs. 10 each. The issue was underwritten by A for a commission of 5%. A arranges with B for sub-under writing to the extent of 30% Of shares for a commission of 4%. The shares were to be paid for as:

Rs.3 on application

Rs.4 on allotment and

Rs.3 on 1st and final call

The public applied for 1,60,000 shares. Both A and B fulfilled their obligations. After the call, A sold 18,000 shares at Rs.9. At the close of the period, the market value of the shares was Rs.9.50. Prepare the underwriting account in the books of A. Expenses were Rs. 12,000.

20. Following is the trial balance of a farm as on 31st march 2012:

Debit	Rs.	credit	Rs.
Land & building	2,10,000	Capital	2,70,000
Farm machinery	1,08,000	Profit & loss a/c	10,000
Sundry debtors	30,000	Loan	60,000
Cash in hand	26,000	Provision for depreciation	30,000
Stock on 1-4-2011:		Sale of wheat	35,000
Growing crops, wheat, seeds & fertilizers	20,000	Sale of livestock	75,000
Livestock	25,000	Manager's personal a/c	2,000
Feeding materials	6,000	Bank overdraft	3,000
Salaries and wages:		Sundry creditors	15,000
Manager's salary	6,000		
Farm labor	5,000		
Office expenses	4,000		
Crop expenses	10,000		
Livestock expenses	28,300		
Livestock purchases	12,500		
Farm house expenses	1,200		
Staff meals	500		
Repairs to machinery	1,000		
Interest on loan(crop)	4,000		
Tools & implements	2,500		
	5,00,000		5,00,000

Additional information:

- a) Stock on 31-3-2012:
- | | |
|---|------------|
| Growing crops, wheat, seeds & fertilizers | Rs. 10,000 |
| Livestock | 40,000 |
| Feeding materials | 1,000 |
| Tools and implements | 2,000 |

- b) Depreciation on tools and implements is to be apportioned between crop and livestock equally.
 c) The livestock a/c is chargeable with 20% of manager's salary and staff meals.
 You are required to prepare Crop Account and livestock account (5 X 5 = 25)

PART C

Answer any three questions. Each question carries 10 marks

21. From the Ledgr balances as at 31st march 2012 and information given below, prepare consolidated balance sheet.

Cr balances	H Ltd. Rs.	S Ltd. Rs.	Dr balances	H Ltd. Rs.	S Ltd. Rs.
Share capital:rs.10 fully paid shares	10,00,000	2,00,000	Sundry assets	8,00,000	1,20,000
			Stock	6,10,000	2,40,000
Surplus A/c	4,00,000	1,20,000	Debtors	1,30,000	1,70,000
Reserve	1,00,000	60,000	Bills receivable	10,000	
Creditors	2,00,000	1,20,000	Shares in S 15,000 at cost	1,50,000	
Bills payable		30,000			
	17,00,000	5,30,000		17,00,000	5,30,000

- a) All the profit of S ltd has been earned since the shares were acquired by H ltd but there was already the reserve of Rs. 60,000 at that date.
 b) The bills accepted by S ltd Rs. 10,000 are in favor of H ltd.
 c) Sundry assets of S are undervalued by Rs. 20,000.
 d) The stock of H ltd includes Rs. 50,000 bought from S ltd at a profit to the latter of 25% on cost.
22. Liabilities and assets of H co and S co as on 31st march 2012 are as follows:

Liabilities	H	S	assets	H	S
Preference share capital	3,00,000	40,000	Goodwill	70,000	60,000
			Land & building	6,00,000	2,60,000
			Plant & machinery	3,30,000	1,80,000
Equity share capital of Rs. 100 each	9,00,000	4,00,000	Investments: 3,000 shares in S (on 30-9-2011)	4,80,000	
General reserve as on 1-4-2011	2,00,000	1,20,000	Debtors	40,000	1,50,000
Surplus account	2,80,000	1,80,000	Stocks	2,00,000	1,80,000
Creditors	1,60,000	1,00,000	Cash	1,20,000	40,000
Bills payable		40,000	Preliminary expenses		10,000
	18,40,000	8,80,000		18,40,000	8,80,000

- a) A dividend of 15% was paid by S co in October, 2011 for the year ended 31st March 2011.
 b) Plant & machinery of s co in the beginning was Rs.2,00,000 H revalued it by Rs.1,10,000 more at the time of purchase of shares.
 c) There was a bonus issue of Rs. 40,000 out of post-acquisition profit by S.
 d) Credit balance of surplus a/c of S Co on 1st April 2011 was Rs. 1,00,000.
 e) Included in creditors of S Co are Rs. 40,000 for goods supplied by H Co. Also included in stock of s co are goods to the value of Rs. 16,000 which were supplied by H Co at profit of 25% on sales.

Prepare consolidated balance sheet giving working notes.

23. Following balances related to an electricity company and pertain to its accounts for the year ended 31st march 2012:

	In lakhs		Rs. In lakhs
Share capital	100	Fixed assets	200
Reserve fund(invested in 5% government securities at par)	60	Depreciation reserve on fixed assets	80
Contingencies reserve- invested in 6% state government loans	20	Consumers' deposits	75
Loan from state electricity board	30	Amount contributed by consumers towards fixed assets	2
11% debentures	8	Intangible assets	5
Development reserve	10	Tariff & dividend control reserve	6
		Current assets-monthly average	20

The company earned a post-tax (clear) profit of Rs.9 lakhs. Show how the profits of the company will be dealt with under the provision of the electricity act, assuming that the bank rate during the year was 8%.

24. In 2008, the company earned profit of Rs. 4,50,000 but thereafter it suffered trading losses totalling Rs. 5,84,000. The company also suffered a speculation loss of Rs. 50,000 during the year 2009. Excise authorities imposed a penalty of Rs. 3,50,000 in 2010 for evasion of tax which was paid in 2011. Prepare statement of Affairs and Deficiency Account. Balances of S Ltd as on 31st December 2012 is as follows

Cr. Balances	Amount	Dr. Balances	Amount
1000, 6% Preference shares of 100 each	1,00,000	L&B	2,00,000
2,000 equity shares of 100 each fully paid	2,00,000	P&M	2,20,000
3,000 equity shares of 100 each 50 paid	1,50,000	Stock	1,00,000
6% Debentures with a floating charge on all assets	1,00,000	Debtors	1,00,000
Secured loan on L&B	1,00,000	Cash at Bank	30,000
Sundry Creditors	90,000	Surplus A/C (Negative Balance)	1,00,000
Income Tax	10,000		
	7,50,000		7,50,000

The company went into liquidation on 1st January 2013.

- 1)The preference dividends were in arrear for 3 years. It is payable on liquidation. 2) The assets were realized as:L&B- 2,40,000, P&M- 1,80,000, Stock- 70,000, Debtors- 60,000 3)The expenses of liquidation amounted to 8,000. 4)The liquidator is entitled to get a commission at 2% on all assets realized except cash at bank and 3% on amounts distributed to unsecured creditors. All payments were made on 30th June 2013. Show the Liquidators Final Statement of Account
25. Green accounting is a dynamic and ongoing process rather than one-time process. Comment and briefly explain the benefits and limitations of green accounting. (10 x 3 = 30)