

Reg. No

Name

M. COM DEGREE END SEMESTER EXAMINATION - MARCH/APRIL 2020**SEMESTER 2 : COMMERCE****COURSE : 16P2COMT06 : ADVANCED FINANCIAL ACCOUNTING - II***(For Regular - 2019 Admission & Supplementary 2018/2017/2016 Admissions)*

Time : Three Hours

Max. Marks: 75

Section A**Answer any 10 (2 marks each)**

1. Write two advantages of Holding Companies.
2. What is the accounting treatment of dividend out of pre-acquisition profit in the consolidated balance sheet?
3. What is the difference between single entry and double accounting system?
4. How will you dispose excess of clear profit over reasonable return?
5. What are the different modes of winding up?
6. Draw a proforma statement of affairs.
7. Explain preimage?
8. How will you treat consumption of farm products by proprietor and labourers?
9. Distinguish between open and firm underwriting.
10. What is Green Accounting?
11. What are the features of Green Accounting?
12. Explain the need and importance of Green Accounting.

(2 x 10 = 20)

Section B**Answer any 5 (5 marks each)**

13. What is the treatment of contingent liability in consolidated balancesheet?
14. Explain with suitable example the treatment of issue of bonus shares by subsidiary company from pre-acquisition and post-acquisition profit.
15. What are the advantages and limitations of Double account system?
16. 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.

17. What are the list to be attached to Statement of affairs?
18. A liquidator's final statement of account is similar to cash book. Do you agree? Why? Also draw a proforma of Liquidators final statement of account.
19. SSJalarani 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.

20. SS Himalaya set on voyage from Calcutta to Bombay. On 31st December on which date the accounts are to be closed, the return voyage has not been completed. The details for the entire voyage to Bombay and back to Calcutta completed after 31st December were:
Freight Rs. 4,00,000; coal consumption Rs. 70,000; stores consumed 30,000; port charges Rs. 15,000; salaries of crew Rs. 40,000; insurance ship Rs. 20,000; insurance freight Rs. 8,000; preimage 10%; address commission 5% only Rs. 1,50,000 freight was available on return journey. Prepare voyage accounts up to 31st December.

(5 x 5 = 25)

Section C

Answer any 3 (10 marks each)

21. A Ltd holds 80% of equity shares of B Ltd. Which was acquired on 31.12.2006 when the latter company had a credit balance of P&L account Rs.15,000 and General reserve of Rs.20,000. Stock held by A Ltd includes Rs.5000 goods supplied by B Ltd. At a profit of 20% on selling price. The stock of B Ltd includes Rs.12,000 goods sold by A Ltd at a profit of 20% on cost. From the following balance sheets prepare consolidated balance sheet as on 31.12.2008

	A Ltd	B Ltd		A Ltd	B Ltd
Equity shares @ 10	5,00,000	1,00,000	Freehold Properties	2,30,000	20,000
Capital Reserve	1,00,000		Furniture	15,500	3,000
General Reserve	1,20,000	30,000	Investments	1,20,000	
P&L A/C	40,000	10,000	(In 8,000 shares of B Ltd)		
Creditors	1,49,700	36,000	Stock	4,14,000	1,23,000
Bills Payable	21,300	1,000	Debtors	87,000	37,400
Bank O/D		6,400	Cash	64,500	1,83,400
	<u>9,31,000</u>	<u>1,83,400</u>		<u>9,31,000</u>	

22. 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			
	<u>17,00,000</u>	<u>5,30,000</u>		<u>17,00,000</u>	<u>5,30,000</u>

- 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.
- The bills accepted by S Ltd Rs. 10,000 are in favour of H Ltd.
- Sundry assets of S are undervalued by Rs. 20,000.
- The stock of H Ltd includes Rs. 50,000 bought from S Ltd at a profit to the latter of 25% on cost.

23. City Electricity Ltd. earned Rs.16,90,000 during the year ended 30.3.2013. After debenture interest @ 7.5% on Rs.5,00,000. With the help of the figures given below show the disposal of profit.

- Original cost of fixed assets Rs.2,00,00,000.
- Formation and other expenses Rs.10,00,000.
- Monthly average of current assets (net amount) Rs.50,00,000.
- Reserve fund (represent 4% government securities) Rs.20,00,000.
- Contingency reserve from investment Rs.5,00,000.
- Loan from Electricity Board is Rs.30,00,000
- Total depreciation written off to the date Rs.40,00,000.
- Tariff and dividend control reserve Rs.1,00,000.
- Security deposit received from customers Rs.4,00,000. Assume bank rate is at 6%.

24. Prakash Processors Ltd went into voluntary liquidation on 31st December 2011 when their Balance Sheet stood as follows:

Liabilities	Rs.	Assets	Rs.
Issued and subscribed capital: 10000 10% cumulative preference shares of Rs.100 each fully paid	1000000	Land and Buildings	500000
		Machinery and Plant	1250000
		Patents	200000
5000 equity shares of Rs.100 each, Rs.75 paid	375000	Stock	275000
15000 equity shares of Rs.100 each Rs.60 paid	900000		
15% Debentures secured by a floating charge	500000	Sundry debtors	550000
Interest outstanding on debentures	75000	Cash at bank	150000
Creditors	637500	Profit and Loss A/c	562500
	3487500		3487500

Preference dividends were in arrears for 2 years and the creditors included preferential creditors of Rs.76000/-The assets realized as follows:

Land and buildings Rs.600000, Machinery and plant Rs.,1000000, Patents Rs.150000, Stock Rs.300000, Sundry debtors Rs.400000. The expenses of liquidation amounted to Rs.54,500. The liquidator is entitled to a commission of 3% on assets realized except cash. Assuming the final payment including those on debentures is made on 30th June, 2012. Show the liquidator's Final Statement of Account

25. What are the objectives, challenges, and concepts in Green Accounting?

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