

Reg. No..... Name.....

M. COM DEGREE END SEMESTER EXAMINATION APRIL 2017
SEMESTER - 2: COMMERCE
COURSE: 15P2COMT06; ADVANCED FINANCIAL ACCOUNTING II
(For Supplementary - 2015 Admission)

Time: Three Hours

Max. Marks: 75

Section A

Answer all questions in this section. Each question carries 2 marks

1. What is 'Statement of Affairs'?
 2. What do you mean by 'clear profit' of an electricity company?
 3. Write any two importance of Green Accounting
 4. What is voluntary winding up?
 5. Define a 'Holding Company'
 6. What do you mean by Double Account System?
 7. What is firm underwriting?
 8. Explain the scope of Green Accounting.
 9. Distinguish between wholly owned and partly owned subsidiary companies.
 10. Enumerate preferential payments in case of winding up of a joint stock company.
- (10 x 2 = 20)

Section B

Answer any five questions in this section. Each carries 5 marks

11. What are the advantages and disadvantages of holding companies?
12. Explain the objectives of farm accounting
13. What is voyage in progress? How is it calculated?
14. Explain the advantages and limitations of Green Accounting
15. From the following balance sheet, prepare a consolidated balance sheet:

Balance sheet
as on 31 December, 2015

Liabilities	H Ltd Rs	S Ltd Rs	Assets	H Ltd Rs	S Ltd Rs
Share capital (in Rs 10 shares)	20,00 0	10,00 0	Shares, in S Ltd. (800 shares)	8,000	

Sundry Liabilities	10,00 0	5,00 0	Other Assets	22,00 0	15,00 0
	30,00 0	15,00 0		30,00 0	15,00 0

H Ltd. acquires shares in S Ltd. on 31 December, 2015.

16. On 1st August, 2012, Honey Ltd. purchased 8,000 shares in Sony Ltd. @ Rs 17 per share. The balance sheet of Sony Ltd. as at 31st March, 2013 is as follows

Liabilities	Rs	Assets	Rs
Share capital (fully paid shares of Rs 100 each)	10,00,00 0	Good will	1,00,000
Reserves (as on 1.4.2012)	4,00,000	Fixed assets (cost Rs20,00,000)	16,00,00 0
Profit and loss account	3,00,000	Current assets	6,00,000
10% Debentures of Rs 100 each	2,00,000		
Sundry creditors	4,00,000		
	23,00,00 0		23,00,00 0

Additional information:

- (i) The opening balance in the profit and loss account was Rs. 1,60,000, out of which dividend amounting to Rs. 1,00,000 was paid in September, 2012.
- (ii) Honey Ltd. held 50% of the debentures in Sony Ltd.
- (iii) Sundry creditors include Rs.40,000 payable to Honey Ltd.

You are required to ascertain the minority interest.

17. The Hindustan Gas Company rebuilt and re-equipped part of their works at a cost of Rs.5,00,000. The part of the old works thus superseded cost of Rs.3,00,000. The capacity of the new works is double the capacity of the old works. Rs.20,000 was realised by the sale of old materials, and old materials worth Rs.10,000 were

used in the construction of the new works and included in the total cost of Rs.5,00,000 mentioned above. The costs of labour and materials are 25% higher than when the old works were built. Journalise the transactions.

18. A Ltd. went into voluntary liquidation. The following are the details:

Assets realised	Rs. 40,000
Liquidator's remuneration	5,000
Unsecured creditors	20,000

Preference share capital is Rs.20,000 (2,000 shares of Rs 10 each). Equity share capital consists of

1,000 shares of Rs 10 each. Rs.9 called and paid up Rs.9,000

2,000 shares of Rs.10 each, Rs. 5 called and paid up Rs 10,000

You are required to prepare the "Liquidator's Statement of Account".

(5 x 5 = 25)

Section C

Answer any two questions in this section. Each carries 15 marks

19. The following are the balance sheets of Sun Ltd. and Moon Ltd. as on 31st March, 2015

Liabilities	Sun Ltd Rs	Moon Ltd Rs
Equity share capital (Rs.100 each)	2,50,000	1,00,000
Capital reserve		60,000
General reserve	1,20,000	
Profit and loss account	28,600	18,000
Loan from bank	50,000	
Bills payable (including Rs.1,500 to Sun Ltd.)		4,200
Creditors	23,550	4,500
	4,72,150	1,86,700

Assets	Rs	Rs
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Building	75,000	90,000
Plant	1,20,000	54,700
Furniture	10,000	5,000
800 shares in Moon Ltd	1,70,000	-
Stock	70,000	18,000
Debtors	11,000	15,000
Bank	8,450	4,000
Bills receivable (including Rs.1,500 from Moon Ltd.)	7,700	
	4,72,150	1,86,700

Sun Ltd. acquired 800 shares of Moon Ltd. on 1st July, 2014. Prepare a consolidated balance sheet as at 31st March, 2015 taking into account the following:

- (i) Creditors of Sun Ltd. include Rs.6,000 due to Moon Ltd
- (ii) On 31st March, 2015, buildings of Moon Ltd. are found undervalued by Rs.10,000 and the plant of the same company is found overvalued by Rs.5,000. The new values are to be incorporated.
- (iii) The balance of profit and loss account of Moon Ltd. Rs.18,000 represents the profit earned by the company during the year ended 31st March, 2015

20.Gupta Electricity Company earned a profit of Rs.33,97,000 after paying Rs.1,20,000 @ 6 per cent as debenture interest for the year ended 31 March, 2014. The following further information is supplied to you:

	Rs
Fixed assets	7,20,00,000
Depreciation written off	2,00,00,000
Loan from electricity board	1,60,00,000
Reserve fund investment at par (4 per cent)	40,00,000
Contingency reserve investment at par (4 per cent)	30,00,000
Tariff and dividend control reserve	4,00,000
Security deposits of customers	6,00,000
Customers' contribution to assets	2,00,000
Preliminary expenses	1,60,000
Monthly average of current assets including amount due from customers Rs.10,00,000	30,40,000
Development reserve	10,00,000

Show the disposal of profits mentioned above taking bank rate as 9%

21. The following is the Balance Sheet of X Ltd. as on 31 December, 2006

Liabilities	Rs	Assets	Rs
Authorised and subscribed capital		Land and buildings	1,90,000
20,000, 12 per cent Non - Cumulative Preference shares of Rs 10 each	2,00,000	Plant and machinery	1,20,000
10,000 Equity shares of Rs 10 each Rs 9 paid	90,000	Patents	10,000
10,000 Equity shares of Rs 10 each Rs 5 paid	50,000	Stock	45,000
6 per cent Mortgage debentures (holding a floating charge on all the assets of the company)	1,00,000	Sundry debtors	90,000
Interest outstanding on the debentures	0	Cash at bank	30,000
Loan secured by hypothecation of stock	40,000	Investments	40,000
Trade creditors	80,000	Profit and loss A/c	70,500
Creditors for salaries and wages	15,000		
Liabilities for workman's compensation	2,000		
Owing to Government for telephone and purchases	2,500		
Owing to Government for taxes	10,000		
TOTAL IS INCORRECT	5,95,500		5,95,500
	0		

The company went into voluntary liquidation on 1 January 2007 and a liquidator was appointed with a remuneration of 2 per cent of assets realized with the exception of cash and 2 per cent of the

amount distributed among unsecured creditors other than preferential creditors. The dividend on

preference shares was not paid for the year 2005 and 2006. Stock realized Rs. 30,000 and the other assets excluding cash realized Rs. 4,00,000. All assets were realized and payments made on 30 June 2007. Prepare the Liquidator's Final Statement of Account, assuming the expenses of liquidation were Rs.4,450.

22. Noman Ltd. issued 80,000 equity shares which were underwritten as follows:

Mr A	48,000 equity shares
M/s B & Co	20,000 equity shares
M/s C Corp.	12,000 equity shares

The above mentioned underwriters made applications for 'firm' underwritings as follows:

Mr.A	6,400 equity shares
M/s B & Co	8,000 equity shares
M/s C Corp.	2,400 equity shares

The total applications excluding 'firm' underwriting but including marked applications were for 40,000 equity shares.

The marked applications were as under:

Mr. A	8,000 equity shares
M/s. B & Co	10,000 equity shares
M/s. C Corp	4,000 equity shares

(The underwriting contracts provide that underwriters be given credit for 'firm' applications and that credit for unmarked applications be given in proportion to the shares underwritten.)

You are required to show the allocation of liability. Workings will be considered as part of your answer.

(15 x 2 = 30)
