

M COM DEGREE END SEMESTER EXAMINATION MAY - 2015**M COM SEMESTER 2****COURSE: P2COMT06 - ADVANCED FINANCIAL ACCOUNTING - 2**

Time: 3 Hrs

Max. Marks: 75

SECTION AANSWER **ALL** QUESTIONS IN THIS SETION. EACH CARRIES **2** MARKS

1. What is voluntary winding up?
2. Distinguish between wholly owned and partly owned subsidiaries.
3. Explain the types of contingent liabilities.
4. Write any two disadvantages of double accounts system.
5. What is a voyage account?
6. Briefly state the name of accounts prepared to determine profit under double accounts system.
7. What is minority interest?
8. What is Green Accounting?
9. Explain the meaning of firm underwriting.
10. Define a Holding Company.

(2 x 10 = 20)

SECTION BANSWER **ANY FIVE** QUESTIONS IN THIS SECTION. EACH CARRIES **5** MARKS

11. Who are the preferential creditors in the event of winding up of company?
12. Differentiate between single account system and double account system.
13. Explain the consolidating procedures in the preparation of holding company accounts.
14. Explain the scope and importance of Green Accounting.
15. The Balance Sheet of Small Ltd. as at 31st March, 2014 was as under:
(Rs. in lakhs)

Liabilities		Assets	
Share Capital		Land and	4.00
In Equity shares 100 each	6.00	Machinery	3.50
General Reserve	3.00	Less :	
Profit and loss A/c		the year	0.50
Balance B/F 1.20		Stock at cost	2.00
Profit for the year <u>0.60</u>	1.80	Debtors	1.50
Trade Creditors	1.20	Cash and Bank	1.00
		Preliminary	0.50
	12.00		12.00

(PTO)

Big Ltd. purchased 4,000 Equity shares of Rs. 100 each on 1st October 2013, on which date it was found that Land and Building were undervalued by Rs. 1 lakh and machinery was worth only Rs. 2.75 lakhs. In preparing the consolidated Balance Sheet of holding company, it was decided to adopt proper values of Assets, and write off preliminary expenses. On the above information given, Ascertain: Capital profits

16. From the information given below, prepare a "Cattle Account" to ascertain the profit made by the cattle division.

	No.	Value (in Rs.)
Opening stock of livestock	50	90,000
Closing stock of livestock	60	1,10,000
Purchases of cattle during the year	110	2,05,000
Sales of cattle during the year	95	2,12,000
Sales of slaughtered cattle	6	12,000
Sales of carcasses	4	1,000
Cattle food		18,000
Wages for rearing		4,500
Slaughter house expenses		500

Crop with Rs. 5,000 grown in the farm was used for feeding the cattle. Out of the calves born 2 died and their carcasses realized Rs. 100.

17. A gas company rebuilds its works at cost of Rs 15,00,000. The works which had originally cost Rs 6,00,000 is completely replaced. In making new works, old material of Rs 50,000 was reused and some old material was sold for Rs 20,000. The cost of material, labour and overhead is 100%, 50% and 25% respectively higher now than when the old works were built. The ratio of material, labour and overhead may be taken as 6:3:1 respectively. Pass the necessary journal entries.

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. M Co. Ltd. went into voluntary liquidation on 1st March, 2014. The following balances are extracted from its books on that date:

Liabilities	Rs	Assets	R
Capital: 50,000 equity Rs. 10 each	5,00,000	Buildings	1,50,000
Debentures (secured by charge)	2,00,000	Plant and Machinery	2,10,000
Bank Overdraft	30,000	Stock in Trade	95,000
Creditors	40,000	Book Debts 75,000	
		Less: Provision <u>10,000</u>	65,000
		Calls in arrears	1,00,000
		Cash on Hand	10,000
		Profit and Loss Account	1,40,000
	<u>7,70,000</u>		<u>7,70,000</u>

Plant and Machinery and Building are valued at Rs. 1,50,000 and Rs. 1,20,000 respectively. On realisation losses of Rs. 15,000 are expected on stock. Book Debts will realise Rs. 70,000. Call in arrears are expected to realise 90%. Bank Overdraft is secured against Buildings. Preferential Creditors for taxes and wages are Rs. 6,000 and Miscellaneous Expenses Outstanding Rs. 2,000.

Prepare a Statement of Affairs to be submitted to the meeting of creditors.

20. The following details are furnished by a Shipping Company in connection with voyage No. 45 which was commenced from port A on 1st February, 2014. The ship arrived at port D on 31st March, 2014 when the voyage was completed. 2,000 tons and 500 tons were loaded at port A for port D and C respectively. Another 300 tons were loaded at C for D. The freight charges were:

A to D	Rs.100 per ton
A to C	Rs.80 per ton
C to D	Rs.50 per ton

The freight is subject to 10% primage, 5% address commission and 3% brokerage. The freight was insured at ½% The Hull was insured for the voyage @ 1%. Depreciation is provided @ 5% p.a. Cost of the ship is Rs. 12 lakhs. The expenses at different ports were as under:

	A Rs.	B Rs.	C Rs.	D Rs.
Port charges	5,000	1,000	3,000	3,000
Coal	18,000	—	4,000	
Captains' expenses	1,200	800	600	900
Harbour wages	4,000		3,000	2,500

Stores purchased at commencement amounted to Rs. 8,000. Opening Stock of stores was Rs. 5,000 and Closing Stock is estimated at Rs. 2,000. Stock of coal at close is estimated at Rs. 4,500 as against stock of Rs. 1,500 at the beginning.

Salaries and wages of sailors etc. amount to Rs. 12,000 per month. Prepare the voyage account.

21. The following are the extracts from the Balance Sheet of H Ltd. and S Ltd. as on 31st March, 2014.

Liabilities	H Ltd. Rs	S Ltd. Rs	Assets	H Ltd. Rs	S Ltd. Rs
Share Capital: (Equity Shares of Rs 10 each fully paid)	4,00,000	1,00,000	Stock Investment (8,000 shares in S Ltd.) acquired on 1.7.2011)	95,000 2,00,000	42,000
P & L A/c as on 1.4.2011 Profit for the year	1,00,000 50,000	0 30,000 20,000			

Stock of H Ltd. includes, Rs 6,000 relating to stock purchased from S Ltd. which follows the practice of charging 25% extra on the cost for determining the selling price.

You are required to show how the above items will appear in the Consolidated Balance Sheet.

22. From the following details relating to an electricity undertaking, you are required to draw the Capital Account and General Balance Sheet as at December 31st, 2013, under the Double Account System.

Authorised Capital: 8,000 Shares of Rs. 100 each;

Issued Capital: 4,000 Shares of Rs. 100 each fully paid (out of which 500 shares were issued during the year).13% Debentures Rs. 2,00,000;

Trade Creditors Rs. 50,000, Reserve Fund Rs. 1,00,000, Trade Debtors Rs. 90,000 and Cash at Bank Rs. 50,000, Reserve Fund Investments (Cost) Rs. 1,00,000; Market Value Rs. 1,10,000, Stock Rs. 60,000.

Fixed Assets: Spent upto 31.12.2012:

Machinery Rs. 3,00,000; Buildings Rs. 2,00,000

Additions in the year:

Machinery Rs. 60,000; Buildings Rs. 10,000.

Depreciation Fund:

Machinery Rs. 70,000; Buildings Rs. 10,000.

Profit and Loss Account Rs. 40,000.

(15 x 2 = 30)
