

M. COM DEGREE END SEMESTER EXAMINATION - MARCH 2024**SEMESTER 2 - COMMERCE****COURSE : 21P2COMT06 - ADVANCED FINANCIAL ACCOUNTING – II***(For Regular 2023 Admission and Improvement/Supplementary 2022/2021 Admissions)*

Duration : Three Hours

Max. Weights: 30

PART A**Answer any 8 questions****Weight: 1**

1. What is forensic accounting? (U, CO 6)
2. What is double account system and double entry system in accounting? (U, CO 3)
3. A limited company went into voluntary liquidation with the following share capital:
Class X: 4,000 Equity shares off Rs.100 each, Rs. 75 paid up.
Class Y: 3,200 Equity shares of Rs. 100 each, Rs. 60 paid up.
Class Z: 2,800 Equity shares of Rs. 100 each, Rs. 50 paid up. (A, CO 2, CO 3)
Amount available for equity shareholders: Rs. 1, 22,000
Calculate the amount payable to/ receivable from equity shareholders.
4. What is holding company? (U, CO 3)
5. On 1st April 1988, S Ltd . had a subscribed share capital of Rs 5,00,000 fully paid equity shares of Rs.10 each. It had accumulated capital and revenue profits to the tune of Rs.3,90,000 by that date when H Ltd acquired 80% of its shares for Rs. 9,00,000. The profit earned by S Ltd amounted to Rs.2,60,000 for the year ended 31st March 1989 on which date S Ltd. issued by way of bonus, one fully paid equity share of Rs 10 for every five equity shares held out of its pre-acquisition profits. Calculate as on 31-3-1989 cost of control and minority interest just before the issue of bonus shares. (A, CO 3)
6. Discuss briefly the advantages of AI? (U, CO 6)
7. What is green accounting? (U)
8. A company's clear profit for current year is 4,50,000 and Reasonable return is 3,50,000. Advise the company in disposal of surplus. (U, CO 3)
9. What is address commission? ()
10. Draw a proforma of Liquidators final statement of account. (A, CO 2, CO 3)
(1 x 8 = 8)

PART B**Answer any 6 questions****Weights: 2**

11. Explain with suitable example the treatment of issue of bonus shares by subsidiary company from pre-acquisition and post-acquisition profit. (U, CO 3)
12. Jeevan Ltd. went into liquidation. The sundry assets realised Rs.4,20,000. The other items were;

	Amounts
Equity share capital(1,00,000 shares of Rs.10 each)	10,00,000
Debentures having floating charge	3,00,000
Preferential creditors	10,000
Unsecured creditors	2,10,000
Liquidator's remuneration	9,000
Liquidation expenses	6,000
Secured creditors(securities realised 1,10,000)	1,00,000

(A, CO 2, CO 3)

Prepare liquidator's final statement of accounts.

13. 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? (A, CO 3)
14. Narrate the characteristics which a forensic accountant should prove. (A, CO 6)
15. H Ltd stock includes goods worth Rs.25,000 purchased from S Ltd , on which S Ltd charged a profit of 20% on sales. What is the treatment in consolidated Balance Sheet? (A, CO 2, CO 3)
16. A Five Star Hotel in Goa has 300 lettable rooms out of which 200 rooms are single bed rooms and 100 rooms are double bed rooms. On 30th November, 2018, 160 single rooms and 80 double rooms are occupied by the guests. Calculate the bed Occupancy rate for the day.

and

- Mr Kavi arrives in New Delhi and occupies a room in a Five-star hotel at 10 a.m. on 11th October, 2014 on European plan @ Rs 1,800 for a stay of every 24 hours or a part thereof. Calculate the amount payable by Mr Kavi in the following circumstances assuming that service charge is also payable @ 10% in addition to room rate: (A, CO 4)
- a) if Mr. Kavi checks out at 5 p.m. on 11th October, 2014 itself;
- b) if Mr. Kavi checks out at 8 a.m. on 12th October, 2014;
- c) if Mr. Kavi checks out at 2 p.m. on 12th October, 2014; and
- d) if Mr. Kavi checks out at 11 p.m. on 13th October, 2014;
17. Explain the need and importance of Green Accounting. (R, CO 5, CO 6)
18. A enters into a contract with B Ltd to under write its 5,000 shares of Rs. 10 each in consideration of 5% commission. He also enters into an agreement with C to sub-underwrite 1,000 shares of B Ltd at a commission of 3%. The public subscribes for 2,000 shares only and subsequently the shares were taken up by A, who sold his shares @ Rs.9 per share. The shares taken up by C were sold @ Rs.10 per share. Expenses of underwriting amounts to Rs.600. Prepare underwriting account in the books of A. (A, CO 4)

(2 x 6 = 12)

PART C
Answer any 2 questions

Weights: 5

19. X Electricity Ltd earned a profit of Rs 16,90,000 during the year ended 31 March 1998, after debenture interest at 7.5% on Rs 5,00,000. With the help of the figure given below, show the disposal of the profits, Assume the bank rate to be 5%.

	Rs
Original Cost of Fixed Assets	2,00,00,000
Formation and Other Expenses	10,00,000
Monthly Average Of Current Assets (Net)	50,00,000
Reserve Fund (represented by 4% Govt. Securities)	20,00,000
Contingencies Reserve Investment	5,00,000
Loan From Electricity Board	30,00,000
Total Depreciation Written off to date	40,00,000
Tariffs and Dividend Control Reserve	1,00,000
Security Deposits received from Customers	4,00,000

(A, CO
3)

20. A limited company acquired 1,600 ordinary shares of B Ltd of rs. 100 each on 31st march 2012. Liabilities and assets of A Ltd and B Ltd as on that date were as follows:

(A, CO
2, CO 3)

Liabilities	A Ltd.	B Ltd.	Assets	A Ltd.	B Ltd.
Capital: 5,000 equity shares of Rs. 100 each	5,00,000		Land & building	1,50,000	1,80,000
			Plant & machinery	2,40,000	1,09,000
2,000 equity shares of Rs. 100 each		2,00,000	Investments in b ltd at cost	3,40,000	
Capital reserve		1,20,000	Stocks	1,20,000	36,000
General reserve	2,40,000		Sundry debtors	44,000	40,000
			Bills receivable(including 3,000 from B Ltd)	15,800	
Surplus A/c	57,200	36,000	Cash & bank balance	14,500	8,000
Bank overdraft	80,000				
Bills payable (including Rs. 4,000 to A Ltd)		8,400			
Creditors	47,100	9,000			
	9,24,000	3,73,400		9,24,000	3,74,400

You are supplied the following information:

- B Ltd has made a bonus issue on 31st March 2012 of one equity share for every 2 shares held by its shareholders. Effect has yet to be given in the accounts for this issue.
- The directors are advised that land and buildings of B Ltd are undervalued by Rs. 20,000 and plant and machinery of B Ltd . overvalued by Rs. 10,000. These assets have to be adjusted accordingly.
- Sundry creditors of A Ltd include Rs. 12,000 due to B Ltd.

You are required to prepare the consolidated Balance Sheet as at 31st march 2012 together with the adjustment work sheet.

21. M.V. Indian Glory is employed on conference trade and is on a regular run between India and the United Kingdom. The conference freight rate is Rs.200 per freight tonne to be enhanced by a surcharge of 20% for port congestion and an adjustment of + 7 ½% for currency factor.

The vessel arrived in Kolkata on 20th February, 2019 and started loading cargo. Loading was over on 1st March (morning) when she set sail for London where she arrived on the night of the 20th of March, 2019. Unloading of the cargo was over and the vessel commenced her next employment on 1st April, 2019 (evening). The total voyage time was calculated at 40 days.

At Kolkata, the ship took in 8,500 freight tonnes. Following direct expenses were incurred:

- Entry fee, tug hire, berth hire at Kolkata - 72,000
- Port charges at London - 85,000
- Hooghly river dues and lighthouse dues - 7,600
- Insurance premia on cargo at 0.25% of the basic freight rate.
- Stevedoring charges are Rs.18 and Rs.25 per freight tonne at Kolkata and London respectively. (A, CO 4)

(a) During port stay - 4 tonnes of fuel oil and 25 tonnes of fresh water per day.

(b) On sailing days - 12 tonnes of fuel oil and 10 tonnes of fresh water per day.

Cost of fuel oil – Rs.1,350 per tonne and cost of fresh water – Rs.25 per tonne.

vi. Annual costs of maintenance of ship (you can adopt 360 days as normal working days in a year) :

- Salaries to officers and crew Rs.30,00,000
- Insurance premia Rs.12,15,000
- Repairs and maintenance Rs.25,00,000

- d) Interest on loan and capital Rs.11,25,000
- e) Working life of vessel bought for Rs.75 lakhs is to be taken as six years.

vii. Freight brokerage at 1 ½% is payable.

Kindly draw a Voyage Account and ascertain the result of the voyage.

22. Following information extracted from the books of lucky Ltd on 31st July 2012 on which date a winding up order was made.

	Rs.
Unsecured creditors	3,50,000
Salaries due for 5 months	20,000
Managing director's remuneration due	30,000
Bills payable	1,06,000
Debtors- good	4,30,000
-Doubtful(estimated to produce rs.62,000)	1,30,000
-Bad	88,000
Bills receivable (good Rs. 10,000)	16,000
Bank overdraft	40,000
Land (estimated to produce Rs. 5,00,000)	3,60,000
Stock (estimated to produce Rs. 5,80,000)	8,20,000
Furniture and fixtures	80,000
Cash in hand	4,000
Estimated liabilities for bills discounted	60,000
Secured creditors holding 1st mortgage on land	4,00,000
Partly secured creditors holding 2nd mortgage on land	2,00,000
Weekly wages unpaid	6,000
Liabilities under workmen's compensation act, 1925	2,000
Income tax due	8,000
5,000 9% mortgage debentures of Rs. 100 each interest payable to 30th June & 31 December, paid up to 30th June 2012	5,00,000
Share capital: 20,000 10% preference shares of Rs. 10	2,00,000
50,000 equity shares of Rs. 10 each	5,00,000
General reserve since 31st December 2008	1,00,000

(A, CO 2, CO 3)

(5 x 2 = 10)

OBE: Questions to Course Outcome Mapping

CO	Course Outcome Description	CL	Questions	Total Wt.
CO 2	Critical thinking and selection of different methods of valuation based on situation will help in the development of overall personality and problem solving capacity	An	3, 10, 12, 15, 20, 22	16
CO 3	Students are able to prepare consolidated financial statements of group companies. Study of double accounting followed by Public Utility Undertakings, leads to better citizenship.	A	2, 3, 4, 5, 8, 10, 11, 12, 13, 15, 19, 20, 22	29
CO 4	Study of Hotel Accounting, Hospital Accounting, Underwriter's accounting and Accounting of shipping will contribute towards sustainable development and inclusive growth	A	16, 18, 21	9
CO 5	Green accounting, which considering impact of business activities in the natural resources enabling students to contribute towards sustainable development and environment friendliness.	U	17	2
CO 6	Study of recent developments in Accounting like Green accounting, Artificial intelligence in Accounting, Forensic Accounting gives better career opportunities	U	1, 6, 14, 17	6

Cognitive Level (CL): Cr - CREATE; E - EVALUATE; An - ANALYZE; A - APPLY; U - UNDERSTAND; R - REMEMBER;