

M. COM DEGREE END SEMESTER EXAMINATION - APRIL 2026**SEMESTER 2 : COMMERCE****COURSE : 24P2COMT06 : ADVANCED FINANCIAL ACCOUNTING – II***(For Regular 2025 Admission and Improvement/Supplementary 2024 Admission)*

Time : Three Hours

Max. Weights: 30

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

1. Ascertain the amount to be capitalized from the following information:
Total cost of new asset = Rs.20,00,000 (A)
Estimated present cost of replacement = Rs. 12,00,000
2. X Ltd. Purchased 60% shares of Y Ltd. on 1-1-02 when the balance on their P&L A/c and General reserve were Rs.1,50,000 and Rs.1,60,000 respectively. On 31-12-02, the Balance sheet of Y Ltd, showed P&L a/c balance of Rs.4,00,000 and General reserve Rs. 3,00,000. Calculate Capital profits and Revenue profits. (A)
3. Calculate the interest payable to debenture holders from the following information assuming the liquidated company has sufficient cash to pay off all outside liabilities:
8% Debentures: Rs. 1, 60,000 (A)
Date of Liquidation of Company: 31-12-2018
Date of Repayment of Debentures: 30-6-2019
Date up to which interest on debentures' paid so far 30-6-2018
4. Explain the treatment of calls in arrear in statement of affairs. (U)
5. Explain the numerous financial Frauds which has been committed in India. (U)
6. State the challenges in India for implementation of AI in any industry. (U)
7. How will you treat voyage in progress while calculating profit of a voyage? ()
8. What is the position of green accounting in India? (U)
9. How will you treat replacement of asset under Double account System? (U)
10. What is a Subsidiary Company? (U)

(1 x 8 = 8)**PART B****Answer any 6 questions****Weights: 2**

11. Explain the organizations and institutes offering forensic accounting courses in India. (U)
12. Electric Supply Ltd rebuilt and re-equipped one of their mains at a cash cost Rs 40,00,000. The old mains thus superseded cost Rs 15,00,000. The capacity of the new main is double that of the old main. Rs 70,000 was realised from sale of old materials. Four old motors valued at Rs 2,00,000 salvaged from the old main were used in the reconstruction. The cost of labour & materials in respectively 30% & 25% higher now than when the old main was built. The proportion of labour to materials in the main then and now is 2:3. (A)
Show the journal entries for recording the above transactions, if accounts are maintained under Double Entry System.
13. Discuss the meaning and scope of Green Accounting. (R)
14. Sun flag Ltd. is to be liquidated. Their summarised Balance Sheet as at 30th September, 2016 appears as under: (A)

Liabilities	₹	Assets	₹
3,00,000 equity shares of ₹ 10 each	30,00,000	Land and Buildings	5,00,000
Secured debentures (on land and buildings)	10,00,000	Other fixed assets	20,00,000
Unsecured loans	20,00,000	Current assets	45,00,000
Trade creditors	30,00,000	Profit and Loss a/c	20,00,000
	90,00,000		90,00,000

Contingent liabilities are:

For bills discounted	1,00,000
For excise duty demands	1,50,000

On investigation, it is found that the contingent liabilities are certain to devolve and that the assets are likely to be realised as follows:

	₹
Land and Building	11,00,000
Other fixed assets	18,00,000
Current assets	30,00,000

Required: to prepare the Statement of Affairs

15. The stock of H includes Rs.50,000 bought from S at a profit to the latter of 25 per cent on cost. A enters into a contract with X Ltd., to underwrite its 5,000 shares of Rs.100 each in consideration of 5% commission. He also enters into an agreement with C to sub-underwrite 2,000 shares of X Ltd. at a commission on 2%. The public subscribes for 2,500 shares only and subsequently the shares were taken up by A who sold his shares @ Rs.90 per share. The shares taken up by C were sold @ Rs.100 per share. Expenses of underwriting amounts to Rs.600. Prepare Underwriting Account in the books of A. (A)
16. What is the treatment of Bonus Issue and Dividend by Subsidiary in the consolidated Balance Sheet? (U)
17. H Ltd acquired 80% shares of S Ltd on 31st March 2017, on which date the Balance Sheet of H Ltd and S Ltd appears as follows. Prepare a consolidated Balance sheet as on 31st March 2017. (A)

Balance Sheet
As on 31st March 2017

	H. Ltd	S. Ltd
I. Equity and liabilities		
(1)share holder's fund		
(a) share capital:		
Shares of Rs. 10 each fully paid	200,000	100,000
(b) Reserves and surplus :		
(i)general reserve (01.04.2016)	40,000	20,000

(ii) Profit and Loss Account	60,000	
(2) current liabilities		
Sundry creditors	1,50,000	80,000
Total	4,50,000	200,000
II. Assets		
(1) non current assets		
(a) fixed assets :		
(b) investment in shares of S. Ltd at cost	1,30,000	
(2) current assets		
(a) stock	200,000	70,000
(b) debtors	100,000	50,000
(c) cash	20,000	50,000
(d) Preliminary expenses		30,000
Total	4,50,000	2,00,000

18. Mr. Kavi occupies a room in a Five Star Hotel at 9 p.m. on 11th October 2018 on European Plan @ 4,000 for every night spent plus 10% service charge. Calculate the amount payable by Mr. Kavi in the following circumstances:

- If Mr. Kavi checks out at 10 a.m. on 12th October 2018.
- If Mr. Kavi checks out at 6 p.m. on 12th October 2018.
- If Mr. Kavi checks out at 6 a.m. on 13th October 2018.

(A)

and

A five-star hotel in Mumbai has 350 rooms out of which 250 rooms are single bedrooms and 100 rooms are double bedrooms. On 15th October 2015. 180 single bedrooms and 60 double bedrooms are occupied by the guests. Calculate the bed occupancy rate for the day.

(2 x 6 = 12)

PART C

Answer any 2 questions

Weights: 5

19. The following is the Balance Sheet of Ajay Ltd as on 31 March 2009

(A)

LIABILITIES	AMOUNT	ASSETS	AMOUNT
2,000 14% Preference shares of Rs 100 fully paid up	2,00,000	Land & building	1,00,000
1,000 Equity shares of Rs 100 each, Rs 75 paid	75,000	Machinery & plant	2,50,000
3,000 Equity shares of Rs 100 each, Rs 60 paid	1,80,000	Patents	40,000
14% Debentures having a floating charge on all assets	1,00,000	Stock at cost	55,000
Interest Outstanding	14,000	Sundry Debtors	1,10,000
Creditors	1,45,000	Cash at bank	75,500
		P&L a/c	83,500
	<u>7,14,000</u>		<u>7,14,000</u>

The company went into liquidation on the above date.

The preference dividends were in arrear for 2 years. The arrears are payable on liquidation. Creditors include loan for Rs 50,000 on the mortgage of Land & building. The assets were realised as follows:

	Amount
Land & building	1,20,000
Machinery & plant	2,00,000
Patents	30,000
Stock	60,000
Sundry Debtors	80,000

The expenses of liquidation amounted to Rs 10,900. The liquidator is entitled to a commission of 3% on all assets except cash and a commission of 2% on amount distributed among unsecured creditors.

Preferential creditors amount to Rs 15,000. Assume payment was made on 30th September 2009. **Prepare the liquidator's Statement of Accounts.**

20. M.V. Indian Glory is employed on conference trade and is on a regular run between India and the (A) 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:

- i. Entry fee, tug hire, berth hire at Kolkata - 72,000
 - ii. Port charges at London - 85,000
 - iii. Hooghly river dues and lighthouse dues - 7,600
 - iv. Insurance premia on cargo at 0.25% of the basic freight rate.
 - v. Stevedoring charges are Rs.18 and Rs.25 per freight tonne at Kolkata and London respectively.
 - (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
- Interest on loan and capital Rs.11,25,000
- 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.

21. Liabilities and assets of H co and S co as on 31st march 2012 are as follows:

Liabilities	H	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 dividend of 15% was paid by S co in October, 2011 for the year ended 31st March 2011.
- 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.
- There was a bonus issue of Rs. 40,000 out of post-acquisition profit by S.
- Credit balance of surplus a/c of S Co on 1st April 2011 was Rs. 1,00,000.
- 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.

22. An electricity company has a profit after tax (clear profit) Rs. 10,20,000 for the year ending 31st March, 2012. Other relevant information is as follows:

Rs.

Capital base of the company	62,00,000
Loan from Electricity Board	60,00,000
Development Reserve	20,00,000
12% debentures	80,00,000
Income from reserve fund investment	2,00,000

(A)

Reserve Bank of India rate is 8 %
Calculate (a) Reasonable return, (b) Statement of Surplus, (c) Disposal of surplus and (d) Pass Journal Entry.

(5 x 2 = 10)

OBE: Questions to Course Outcome Mapping

CO	Course Outcome Description	CL	Questions	Total Wt.
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Cognitive Level (CL): Cr - CREATE; E - EVALUATE; An - ANALYZE; A - APPLY; U - UNDERSTAND; R - REMEMBER;