

**M.Com. DEGREE (C.S.S.) EXAMINATION, AUGUST 2015****Second Semester**

Faculty of Commerce

AF 02 C06—ADVANCED FINANCIAL ACCOUNTING—II

(2012 Admission onwards)

Time : Three Hours

Maximum Weight : 30

**Section A***Answer any **five** out of eight questions.**Each question carries a weight of 1.*

1. What do you mean by Double Account system ?
2. Define Holding Company.
3. What do you mean by primage ? How will you calculate primage ?
4. How do you adjust Bonus Issue while preparing the consolidated balance sheet ?
5. What do you mean by Bunker Cost ?
6. Define deficiency account.
7. What do you mean by Cost of Control ?
8. What is meant by Clear Profit and how is it disposed off ?

(5 × 1 = 5)

**Section B***Answer any **five** out of eight questions.**Each question carries a weight of 2.*

9. Explain the components of financial statements under Double account system.
10. Discuss the differences between Statement of Affairs and Balance sheet.
11. What do you mean by Liquidator's Final Statement of account ? Prepare a liquidator's final statement with imaginary figures.
12. What do you mean by Voyage account ? Explain in detail the method of ascertainment of profit under voyage in progress.
13. What are the objectives of farm accounting ? Discuss the adjustment of wages in kind and drawings in kind while preparing farm accounts.

**Turn over**



14. A water supply concern has to replace a quarter of the main and lay an auxiliary main for the remaining length in order to augment supplies of water to a locality. The total cost of the original main was Rs. 8,00,000 and the auxiliary main cost Rs. 9,00,000 and the new main cost Rs. 3,50,000. It is estimated that cost of laying a main has gone up by 30 %. Parts of the old main realised Rs. 15000. Pass journal entries to record the above ?
15. Great India Shipping Company Ltd. of Mumbai acquired a new ship M.V. Samudra at a cost of Rs. 37,50,000. The ship was ready for service on 1 April 2012. An insurance policy was taken out at 2 % p.a. on the ship, freight was insured at Rs. 10,000 p.a. During 3 months ended 30<sup>th</sup> June 2012, the ship completed one round trip to Calcutta and was half through the second trip (single way) to Calcutta.

The ship carried the following cargo :

To Calcutta 9,000 tons @ Rs. 300 per ton (2 trips).

From Calcutta 10,000 tons @ Rs. 270 per ton (2 trips).

To Calcutta 12,000 tons @ Rs. 250 per ton (1 trip).

5 % commission was paid to agents in addition to 1% address commission. The expenses were as follows :

	Rs.
Salaries and wages of the crew	... 8,00,000
Fuel	... 4,00,000
Sundry stores	... 80,000
Port dues (Mumbai Rs. 70,000, Calcutta Rs. 50,000)	... 1,20,000
Stevedoring at Rs. 20 per ton	... 6,20,000
Share of overhead for the period	... 2,50,000

Provide depreciation for the period at 5 % p.a.

Prepare the consolidated Voyage Account for the period of three months ending 30<sup>th</sup> June 2012.

16. From the following details make up the Cattle Account

	No.	Value Rs.
Cattle (opening value of Livestock)	... 100	3,00,000
Cattle Food (Opening Stock)	... —	30,000
Purchases of Cattle Food	... —	1,35,000
Purchase of Cattle during the year	... 200	5,85,000
Sales of Cattle (during the year)	... 150	5,62,500
Sales (total) of Slaughtered Cattle	... 40	1,80,000
Sale of Carcasses	... 5	750
Cattle (Closing value of Livestock)	... 115	5,85,000
Cattle Food (Closing Stock)	...	37,500



Out of calves born during the year 4 died and the carcasses of the calves did not realise anything. Crop worth Rs. 22,500 grown in the farm was used for feeding. Rs. 15,000 is estimated to be the wages for rearing etc. Slaughter house expenses amounted to Rs. 22,500.

Charge depreciation Rs. 7,500 and insurance Rs. 3,750.

(5 × 2 = 10)

### Section C

Answer any **three** out of six questions.

Each question carries a weight of 5.

17. From the following balance as on 31.12.2010 appearing in the ledger of Electric Light and Power Co. Ltd. You are required to prepare ;

(a) Revenue Account ; (b) Net revenue Account ; (c) Capital Account ; and (d) General Balance Sheet ?

	Rs.
Equity Share Capital	... 5,49,000
Debenture	... 2,00,000
Land on 31.12.2009	... 1,50,000
Land purchased during 2010	... 5,000
Machinery on 31.12.2009	... 6,00,000
Machinery purchased during 2010	... 5,000
Mains including cost of laying on 31.012.2009	... 2,00,000
Spent on mains during 2010	... 51,000
Sundry creditors	... 1,000
Depreciation Fund	... 2,50,000
Sundry debtors for current supplied	... 40,000
Other debtors	... 500
Stores on hand	... 7,000
Cash	... 3,000
Cost of generating electricity	... 30,000
Cost of distribution of electricity	... 6,000
Rent, Rates and taxes	... 4,000
Management expenses	... 12,000
Depreciation	... 20,000
Sale of current	... 1,32,000
Rent of Metres	... 3,000
Interest on debentures	... 10,000
Dividend	... 20,000
Balance of net revenue Account (31.12.2009)	... 28,500

Turn over



18. Explain the method of ascertainment of surplus of an Electricity Company and how it is disposed off.
19. Sri. Chopra is appointed liquidator of moon Co. Ltd. in voluntary liquidation on 1<sup>st</sup> July 2011. The following balances are extracted from the books on that date :

<i>Balance Sheet</i>			
<i>Liability</i>	<i>Amount Rs.</i>	<i>Assets</i>	<i>Amount Rs.</i>
Capital		Machinery	45,000
24000 shares of Rs. 5 each)	1,20,000	Leasehold property	60,000
Reserve for bad debts	15,000	Stock in Trade	1,500
Debentures	75,000	Book debts.	90,000
Bank O/D	27,000	Investments	9,000
Liability for purchases	30,000	Calls in arrear	7,500
		Cash in hand	1,500
		Profit and Loss Account	52,500
	2,67,000		2,67,000

You are required to prepare Statement of Affairs to be submitted in the meeting of the creditors. The following assets are valued as under.

	Rs.
Machinery	90,000
Leasehold property	1,09,000
Investment	6,000
Stock in Trade	3,000

Bad debts are Rs. 3,000 and doubtful debts are Rs. 6,000, which are estimated to realise Rs. 3000. The Bank O/D is secured by the title deed of leasehold property.

Preferential creditors. Rs.1,500, Telephone Rent outstanding Rs. 120

20. From the Balance Sheet and information given below prepare a consolidated Balance Sheet.

*Balance Sheet as on ....*

	H Ltd. Rs.	S Ltd. Rs.		H Ltd. Rs.	S Ltd. Rs.
Share Capital Rs. 10 /- per share fully paid	1,00,000	20,000	Sundry Assets	80,000	12,000
Profit and Loss Account	40,000	12,000	Stock-in-trade	61,000	24,000
Reserve	10,000	6,000	Debtors	13,000	17,000
Creditors	20,000	12,000	Bill Receivable	1,000	
Bills payable		3,000	Shares in S Ltd.d (1500 shares at cost)	15,000	
	1,70,000	53,000		1,70,000	53,000



- 1 All profits of S Ltd. have been earned since the shares were acquired by H Ltd. but the reserve of Rs.6,000 was already there at that time.
- 2 Bills accepted by S Ltd. are all in favour of H Ltd, of which Rs. 2,000 was discounted.
- 3 Sundry assets of S Ltd. are under valued by Rs. 2,000.
- 4 The stock in trade of H Ltd. includes Rs. 5,000 bought from S Ltd. at a profit to the latter at 25 % on cost.

21. From the information given below, prepare the Farm Accounts :

	Opening Stock	Closing Stock
	Rs.	Rs.
Crops	4,000	5,000
Growing Crops	3,000	4,500
Seeds	2,000	2,500
Cattle	75,000	1,05,000
Cattle Food	10,000	5,500
Poultry	9,000	13,500
Poultry Food	1,000	2,000
Fish	2,000	3,200
Fertilizers	5,000	3,000

Purchases during the year	Rs.	Sales during the year	Rs.
Poultry	15,000	Butter	1,500
Seeds	1,500	Milk	9,000
Cattle	40,000	Eggs	13,000
Fish	1,000	Crops	21,000
Cattle Food	14,000	Flowers	1,500
Fertilizers	3,500	Fruits	4,000
Poultry Food	3,000	Cattle	36,000
		Poultry	14,000
		Fish	6,000
		Vegetables	5,000

Proprietor of the farm has consumed the following products of the farm :

Butter Rs. 400, Poultry Rs. 200, Milk Rs. 2,500, Fish Rs. 100, Eggs Rs. 500, Fruits Rs. 300, Vegetables Rs. 600.



Expenses during the year :

	Rs.
Wages	23,500
Insurance	1,500
Depreciation	2,000
Repairs	1,200

22. Prepare a Consolidated Balance Sheet as on 31/12/2007.

	H Ltd.	S Ltd.		H Ltd.	S Ltd.
	Rs.	Rs.		Rs.	Rs.
Share Capital Rs. 10 fully paid shares	1,00,000	50,000	Sundry Assets	1,60,000	1,00,000
General Reserve	50,000		Investments : (5000 shares in S Ltd)	60,000	
Creditors	30,000	32,000			
Profit and Loss Account	40,000	18,000			
	2,20,000	1,00,000		2,20,000	1,00,000

Shares were purchased by H Ltd. in S Ltd. on 30<sup>th</sup> June 2007. On 1<sup>st</sup> January 2007 the Balance Sheet of S Ltd. showed a loss of Rs. 30,000/- which was written off out of the profit earned during 2007. Profits are assumed to accrue evenly throughout the year.

(3 × 5 = 15)