Q.P.code:PC221-20 (Pages: 5) Reg. No...............................

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**M.Com. DEGREE (CSS) EXAMINATION, APRIL 2024**

**Second Semester (Regular/Supplementary/Improvement - 2020 Admission Onwards)**

**Branch: Commerce**

**PG20CO206 - ADVANCED CORPORATE ACCOUNTING**

Time: 3 hrs Max. Weightage: 30

**PART A**

**(Answer any EIGHT questions. Each question has weightage ONE.)**

1. What is post-acquisition profit?

2. How do wholly owned subsidiary companies differ from partly owned subsidiary companies?

3. Differentiate between double entry system and double account system.

4. What is capital account under double account system?

5. Explain section 208 of the Insolvency and Bankruptcy Code 2016.

6. What are the duties of a liquidator?

7. Calculate liquidator’s remuneration:

Cash available for distribution among unsecured creditors Rs. 88,000

Unsecured creditors Rs. 1,00,000

Liquidators remuneration is 10% of the amount distributed among the unsecured creditors.

8. What is development reserve?

9. Crook Ltd issued 30,000 equity shares of Rs 10 each. The issue was underwritten as: P- 30%, Q- 30% and R- 20%. The company received applications for 25,000 shares only. Determine the liability of underwriters.

10. Calculate rent to be charged per day per room from the following information for a 3-Star hotel at Delhi, if occupancy rate is (a) 100%, and (b) 80%.

(a) Number of rooms available for occupancy = 50

(b) Estimated total cost for April, 2019 = Rs.12,00,000

(c) Return expected = 50% on cost

**(8×1=8)**

**PART B**

**(Answer any SIX questions. Each question has weightage TWO.)**

11. Explain the following items in the context of preparing consolidated balance sheet: a) Unclaimed dividend b) Payment of dividend out of pre and post acquisition profit c) Interim dividend.

12. The share capital of the company consisted of:

Equity shares A : 2,000 shares of Rs. 100, Rs.75 paid up

Equity shares B : 4,000 shares of Rs. 100, Rs.60 paid up

Equity shares C : 6,000 shares of Rs. 100, Rs.50 paid up

The company went into liquidation. Its assets realized Rs.4,20,000; liquidation expenses Rs.10,000 and liquidator’s remuneration Rs.40,000 were paid. Unsecured creditors amounted to Rs.2,20,000. Prepare liquidator’s final statement of account.

13. Prepare a consolidated balance sheet.

**Balance sheet as on 31-3-2011**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Liabilities | H Ltd (Rs.) | S Ltd (Rs) | Assets | H Ltd (Rs.) | S Ltd (Rs) |
| Share capital (Rs. 10 each) | 5,00,000 | 1,00,000 | Fixed assets | 4,00,000 | 60,000 |
| P&L a/c | 2,00,000 | 60,000 | Stock | 3,00,000 | 1,20,000 |
| Reserves | 60,000 | 30,000 | Debtors | 75,000 | 85,000 |
| B/P | - | 15,000 | B/R | 20,000 | - |
| Creditors | 1,10,000 | 60,000 | Shares in S Ltd (7500 at cost) | 75,000 | - |
|  | **8,70,000** | **2,65,000** |  | **8,70,000** | **2,65,000** |

1. The bills accepted by S Ltd are all in favour of H Ltd.
2. The stock of H Ltd includes Rs.25,000 bought from S Ltd at a profit to the latter of 20 % of sales.
3. All the profits of S Ltd has been earned since the shares were acquired by H Ltd but there was already the reserve of Rs.30,000 at that date.

14. An Electric Supply Co. rebuilds its Mains at the cost of Rs. 19,90,000. This excludes value of Rs. 13,800 materials of old Main used for new one. The original mains were constructed at a cost of Rs. 9,90,000. The ratio of material and labour then was 7: 3. The increase in material prices is 12 1/2% and in wage rates 15%.

Material worth Rs. 25,200 from old works was sold. Show Journal entries and prepare Works Account and Replacement Account under Double Account System for the above and determine the net cost of replacement.

15. Following details are furnished by a Shipping Company in connection with voyage No. 45 which was commenced from port A on 1st February, 2020. The ship arrived at port D on 31st March, 2020 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 1/2%. The Hull was insured for the voyage @ 1%. Depreciation is provided @ 5% p.a. Cost of the ship is 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 Voyage Account for the period ending 31st March, 2020.

16. Explain sections 188,189 and 199 of the Insolvency and Bankruptcy Code, 2016.

17. Describe sections 108, 109 and 110 of the Insolvency and Bankruptcy Code,2016

18. What do you mean by the term “Contributory”? Describe the various types of contributories.

**(6×2=12)**

**PART C**

**(Answer any TWO questions. Each question has weightage FIVE.)**

19. What is meant by a holding company? Explain the treatment of the following items in the accounts of a holding company: a) Issue of bonus shares by the subsidiary company b) Debentures of the subsidiary company held by the holding company c) contingent liabilities and d) unrealized profit.

20. Following information are culled out from the books of Scarce Electricity Ltd.:

|  |  |  |  |
| --- | --- | --- | --- |
|  | Rs. (in Lakhs) |  | Rs. (in Lakhs) |
| Sale of Energy | 15 | Contribution to Provident Funds | 0.2 |
| Meter Rents | 1.0 | Contingency Reserve Investments | 5.0 |
| Cost of Generation | 9.0 | Original Cost of Fixed Assets | 40.0 |
| Selling and Distribution Expenses | 2.0 | Contribution from Consumers for Purchase of Fixed Assets | 2.0 |
| Rent, Rates and Taxes | 0.5 | Cost of Intangibles | 0.5 |
| Management Expenses (including Audit Fee of 0.2) | 0.5 | Intangibles Write Off | 0.1 |
| Depreciation | 0.05 | Stores -Opening | 0.2 |
| Interest on Loan from State Electricity Board | 0.2 | Stores -Closing | 0..3 |
| Contingency Reserve Income | 0.3 | Cash and Bank Balances-Opening | 0.3 |
| Interest on Security Deposit | 0.1 | Cash and Bank Balances  - closing | 0.2 |
| Interest from Bank | 0.1 |  |  |

Further details are as under:

(Rs. in Lakhs)

Depreciation Accumulation at the beginning of the year 5.0

Intangibles Written off up to the beginning of the year 0.5

Security Deposit of Customers held in cash 0.5

Tariff and Dividend Control Reserve-Opening Balance 1.0

Development Reserve-Opening Balance 0.8

Amount Carried Forward for Distribution to Consumers 0.7

Loan from Electricity Board 3.0

Transfer to Contingency Reserve 0.4

R.B.I. Interest Rate 6%

From the given details calculate;

1. Clear Profit: ii) Capital Base; iii) Reasonable Return; iv) Amount Available for Dividend;

v) Contribution to Tariffs and Dividend Control Reserve vi) Contribution to Consumer's Benefit Account.

21. Explain sections 59,60,61,63,64 and 65 of the Insolvency and Bankruptcy Code 2016

22. Following information was extracted from the books of Lucky Ltd on 31-7-2010 on which date a winding up order was made:

|  |  |
| --- | --- |
|  | Rs. |
| Unsecured creditors | 3,50,000 |
| Salaries due for five months | 20,000 |
| Managing director’s remuneration due | 30,000 |
| Bills payable | 1,06,000 |
| Debtors –Good -Doubtful  (estimated to produce Rs.62,000) -Bad | 4,30,000 1,30,000 88,000 |
| B/R (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 & fixtures | 80,000 |
| Cash in had | 4,000 |
| Estimated liabilities for bills discounted | 60,000 |
| Secured creditors holding first mortgage on land | 4,00,000 |
| Partly secured creditors holding second mortgage on land | 2,00,000 |
| Weekly wages unpaid | 6,000 |
| Liabilities under Workmen’s Compensation Act | 2,000 |
| Income tax due | 8,000 |
| 5,000 9 % Mortgage debentures of Rs.100 each interest payable to 30th June and 31st December, paid to 30th June, 2010 | 5,00,000 |
| 20,000 10% Preference shares of Rs. 10 each | 2,00,000 |
| 50,000 Equity shares of Rs. 10 each | 5,00,000 |
| General reserve since 31-12-2006 | 1,00,000 |

In 2006, the company earned profit of Rs.4,50,000 but thereafter it suffered trading losses totaling Rs. 5,84,000. The company also suffered a speculation loss of Rs. 50,000 during the year 2007. Excise authorities imposed a penalty of Rs. 3,50,000 in 2008 for evasion of tax which was paid in 2009. Prepare Statement of affairs and the Deficiency account.

**(2×5=10)**

**(END OF QUESTION PAPER)**