MCOSC-1.1A/C

Sl.No. : **Total No. of Pages : 4**

I Semester M.Com. Degree Examination, May/June - 2023
(CBCS, SLM Scheme)
COMMERCE
Course - I : Advanced Financial Accounting

Time : 3 Hours **Max. Marks : 80**

SECTION - A

Answer any Four questions. Each question carries Five marks. **[4×5=20]**

Q1) List out the differences between departmental accounts and branch accounts.

Q2) What is goodwill? List out the circumstances for valuation of goodwill.

Q3) Write a note on purchase consideration.

Q4) Briefly explain the provisions for the calculation of managerial remuneration.

Q5) Distinguish between gross liability and net liability of underwriters.

Q6) Write a short note on voluntary winding up of a company.

SECTION - B

Answer any three questions. Each question carries 10 marks. **[3×10=30]**

Q7) Explain the general instructions to be followed for preparing balance sheet and statement of profit and loss of a company as per Co. Act, 2013.

Q8) What is meant by bonus issue? Explain its related provisions as per Companies Act, 2013.

Q9) Following is the Balance sheet of Maruthi Ltd. as on 31-3-2021.

Liabilities	₹	Assets	₹
Share Capital:		Goodwill	20,000
25,000 equity shares of ₹ 10 each	2,50,000	Machinery	1,70,000
General Reserve	50,000	Buildings	60,000
P&L Account	50,000	Investments	25,000
Sundry Creditors	50,000	Stock	40,000
		Sundry Debtors	60,000
		Bank	15,000
		Preliminary Expenses	10,000
	4,00,000		4,00,000

On 31-3-2021, Goodwill is valued at ₹ 35,000 and buildings at ₹ 80,000. Machinery is to be depreciated by ₹ 10,000, stock is worth of ₹ 45,000 and debtors are expected to realize ₹ 50,000.

The net profit earned by the company amounted to ₹ 30,000 in 2019, ₹ 20,000 in 2020 and ₹ 25,000 in 2021, Every year 20% of profit earned was transferred to General Reserve. A return of 10% on the investments is considered to be fair in the industry.

Compute the value of company's share by:

a) Net Assets method.
b) Yield method (Ignore Tax).
c) Fair value method.

Q10) Nithin Ltd. issued 2,50,000 shares of ₹ 10 each which was underwritten as follows.

Mr. A - 75,000 shares (Firm underwriting 8000 shares)
Mr. B - 62,500 shares (Firm underwriting 12000 shares)
Mr. C - 62,500, shares (Firm underwriting Nil)
Mr. D - 50,000 shares (Firm underwriting 30000 shares)

The total applications excluding firm underwriting but including marked applications were for 90,000 shares.

The marked applications were as under:

Mr. A - 20,000 shares; Mr. B - 18,000 shares; Mr. C - 12,000 shares and Mr. D - 24,000 shares calculate the net liability of each underwriter treating:

a) Firm underwriting as marked applications and.
b) Firm underwriting as unmarked applications.

Q11) The directors of Televista Limited, Trivandrum, wants to ascertain the net profits of TV, Tape recorders and transistors department separately, for the quarter ended March 31, 2020 on the basis of an adequate system of departmental accounting in use, it is estimated that the normal rate of gross profit for the departments concerned are 40% 30% and 20% respectively on turnover. Indirect expenses are charged in proportion to the departmental turnover.

The following are the figures for each department.

	TV	Tape recorders	Transistors
Stock on Jan 1, 2020	60,000	70,000	30,000
Purchase of March 31, 2020	70,000	75,000	47,000
Sales to March 31, 2020	1,20,000	1,00,000	60,000
Direct Expenses	20,200	14,500	7,100

Total indirect expenses for the period (including those relating to other departments) were ₹ 42,000 on a total sales of ₹ 8,40,000.

Prepare the Departmental Trading and Profit and loss account to ascertain gross profit and net profit after making reserve for stock at 10% in respect of each department.

SECTION - C

Answer any two questions. Each question carries 15 marks. **[2×15=30]**

Q12) What is internal reconstruction? Explain the various forms and legal provisions of internal reconstruction.

Q13) What do you mean by underwriting? Explain the liability of underwriters under various methods.

Q14) Following is the trial balance of Shakti Company Ltd. on 31-3-2021.

Dr.	₹	Cr.	₹
Stock on 1-4-2020	75,000	Sales	3,50,000
Purchases	2,45,000	Profit & loss A/c	
Wages	50,000	on 31-3-2021	15,030
Discount	7,000	Share Capital in shares	
Salaries	7,500	of ₹10 each	1,00,000
Rent	4,950	Sundry Creditors	17,500
Sundry Expenses	17,050	Reserve Fund	15,500
Dividend paid	9,000	Discount	5,000
Debtors	37,500		
Machinery	29,000		
Cash	10,200		
Bank	6,000		
Loan to an employee	3,250		
Bad debts	1,580		
	5,03,030		5,03,030

Adjustments:

a) Stock on 31-3-2021 was ₹ 82,000.
b) Depreciate Machinery at 10%.
c) 6 months insurance was unexpired at ₹750 p.a.
d) Rent of ₹ 950 was due.
e) Provide reserve for doubtful debts at 5%.
f) Make provisions for income tax to the extent of ₹ 15,000.

Prepare below mentioned Final Account from the above particulars as per companies Act, 2013.

i) Statement of Profit and Loss.
ii) Balance sheet.

Q15) Kannan Ltd., was liquidated on 31-12-2021.

Balance Sheet as on 31-12-2021

	₹		₹
Share capital	1,00,000	Land and Buildings	60,000
8% Debenture	1,00,000	Plant and Machinery	60,000
Mortgage Loan		Stock	60,000
(Secured on Land		Debtors	70,000
and Buildings)	50,000	Cash in hand	5,000
Sundry Creditors	80,000	Profit and loss A/c	75,000
	3,30,000		3,30,000

Assets realised as follows:

a) Land and Building - ₹ 55,000.
b) Stock - ₹ 20,000.
c) Plant and Machinery - ₹ 25,000.
d) Half of the debtors were bad.
e) Liquidator was entitled to a commission of 3% on amount realised other than cash and 2% on the amount paid to unsecured creditors.
f) Preferential creditors amounted to ₹10,000 (included in sundry creditors).
g) Liquidation expenses amounted to ₹ 970.

Prepare liquidator Final Statement of Accounts.

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