

MASTER'S DEGREE (C.S.S) EXAMINATION, MARCH 2024  
2023 ADMISSIONS REGULAR  
SEMESTER II - CORE COURSE COMMERCE  
CO2C06TM20 - Advanced Corporate Accounting

Time : 3 Hours

Maximum Weight : 30

## Part A

I. Answer any Eight questions. Each question carries 1 weight

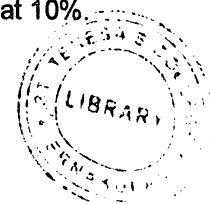
(8x1=8)

1. A Ltd. holds 80% shares in B Ltd. How does A Ltd. prepare its accounts for the year?
2. Explain the concept of Revaluation of Assets. What is the treatment if the assets are revalued at the time of acquisition of shares in the subsidiary company?
3. From the following information, prepare analysis and appropriation of reserves and profits.

Particulars	H Ltd. (Rs.)	S Ltd. (Rs.)
Share Capital	10,00,000	4,00,000
10% Preference Capital	-	1,00,000
General Reserve	1,00,000	50,000
Surplus (01.04.2018)	40,000	30,000
Profit for 2018-19	2,00,000	80,000
Land & Building	3,10,000	1,60,000
Machinery less 10% depreciation	2,70,000	1,35,000

H Ltd. acquired 3,000 equity shares in S Ltd. on 01.10.2018. As on that date, H Ltd. found that the value of Land & Building and Machinery of S Ltd. should be Rs. 1,50,000 and Rs. 1,92,500 respectively.

4. Explain the provisions relating to accounts of the Electricity Supply Companies under Indian Electricity Act, 1910.
5. Explain the establishment process of Insolvency and Bankruptcy Code of India.
6. Explain the provisions relating to the application made by the debtor to initiate Insolvency resolution process.
7. What is liquidation? What are the duties entrusted to the liquidator in the process of winding up of a company?
8. Calculate the remuneration payable to the liquidator from the following information: Amount available for distribution to unsecured Creditors before paying liquidator's remuneration- Rs. 6,12,000. Remuneration: 2% on the amount paid to unsecured creditors.
9. List down the restrictions in the payment of Underwriting Commission?
10. Mr. A arrives in Bombay and checks into a room in a five star hotel at 4 p.m. on 01.06.2019 at Rs. 5,000 per day plus 10% for service charges on European plan. Check out time in the hotel is 12 noon. Calculate the amount payable by Mr. A in the following circumstances: a) if Mr. A checks out at 10 p.m. on the same day. b) if Mr. A checks out at 9 a.m. on 02.06.2019. c) if Mr. A checks out at 6 p.m. on 02.06.2019. d) if Mr. A checks out at 4 p.m. on 03.06.2019. Also show the amount payable by Mr. A if the charges were leviable at the rate of Rs. 500 for a stay of every 24 hours or part thereof plus service charges at 10%.



## Part B

II. Answer any Six questions. Each question carries 2 weight

(6x2=12)

11. From the following, calculate the Cost of Control and Minority Interest.(in Rupees)

	H Ltd.	S Ltd.		H Ltd.	S Ltd.
Share Capital (Rs. 100)	10,00,000	4,00,000	Land	3,10,000	1,60,000
10% Preference Capital(Rs. 100)	-	1,00,000	Machinery less 10% depreciation	2,70,000	1,35,000
General Reserve	1,00,000	50,000	3,000 shares in S Ltd.	4,50,000	-
Surplus(balance on 01.04.2018)	40,000	30,000	Stock	2,20,000	1,50,000
Profit for 2018-19	2,00,000	80,000	Debtors	1,55,000	90,000
Creditors	1,50,000	70,000	Cash	85,000	1,95,000
	<b>14,90,000</b>	<b>7,30,000</b>		<b>14,90,000</b>	<b>7,30,000</b>

1. H Ltd. acquired 3,000 equity shares in S Ltd. on 01.10.2018.
2. As on the date of acquisition, H Ltd. found the value of Land and Machinery of S Ltd. should be Rs. 1,50,000 and Rs. 1,92,500.

12. From the following, calculate the Cost of Control and Minority Interest.(in Rupees)

	H Ltd.	S Ltd.		H Ltd.	S Ltd.
Share Capital(Rs. 10)	6,00,000	2,00,000	Machinery	3,90,000	1,35,000
General Reserve	3,40,000	80,000	Furniture	80,000	40,000
Surplus	1,00,000	60,000	80% shares in S Ltd. at cost	3,40,000	-
Creditors	70,000	35,000	Stock	1,80,000	1,20,000
			Debtors	50,000	30,000
			Cash	70,000	50,000
	<b>11,10,000</b>	<b>3,75,000</b>		<b>11,10,000</b>	<b>3,75,000</b>

Additional Information:

1. Surplus account of S Ltd. stood at Rs. 30,000 on 01.04.2018 whereas General Reserve has remained unchanged since that date.
2. H Ltd. acquired 80% shares in S Ltd. on 01.10.2018 for Rs. 3,40,000.
3. Included in debtors of S Ltd. a sum of Rs. 10,000 due from H Ltd. for goods sold at a profit of 25% on cost price. Till 31.03.2019 only one half of the goods had been sold while the remaining were lying in the godown of H Ltd.as on that date.

13. What are the advantages and criticisms of Double Account System?



14. From the following, calculate the Capital Base of the Electricity Company.(in Rupees)

Particulars	Amount	Particulars	Amount
Consumer's Contribution towards Fixed Assets	4,00,000	Depreciation Reserve	60,00,000
Intangible Assets	16,00,000	12% Debentures	40,00,000
Fixed Assets	5,00,00,000	Development Reserve	16,00,000
Tariff and Dividend Control Reserve	20,00,000	Current Assets(yearly)	3,60,00,000
Contingency Reserve Investment	24,00,000	Loan from Electricity Board	50,00,000
Consumer's Deposit	80,00,000	Government Securities	1,20,00,000

15. Explain Bankruptcy Order and its effect.

16. Explain the powers of the Insolvency and Bankruptcy Board of India.

17. From the following information, prepare Liquidator's Final Statement of Account. Assets: Building- Rs. 20,000; Plant-Rs. 18,650; Furniture- Rs. 1,000 Liquidation expenses- Rs. 1,000 Liabilities: Preferential Creditors- Rs. 10,000; Unsecured Creditors- Rs. 32,000; Debentures- Rs. 10,000; Equity Capital- Rs. 50,000. Remuneration @ 2% on the amount realised and 2% on the amounts distributed among the unsecured creditors other than preferential creditors.

18. What are the factors considered while fixing the room rates? On what basis are the room rates charged by the hotel on the guests?

### Part C

III. Answer any Two questions. Each question carries 5 weight

(2x5=10)

19. H Ltd. acquired 1,20,000 equity shares of Rs. 100 each in S Ltd. on 31.03.2019 cum bonus. Balance Sheets of H Ltd. and S Ltd. on that date were:

Particulars	H Ltd. (Rs.in lakhs)	S Ltd. (Rs. in lakhs)
Equity Capital (Rs. 100)	450	150
Capital Reserve	-	82.5
Revenue Reserve	45	7.5
Surplus	57.3	27
Loan from S Ltd.(including interest)	3.15	-
Creditors	26.85	10.5
Bills Payable	-	2.55
<b>TOTAL</b>	<b>582.3</b>	<b>280.05</b>
Fixed assets	225	217.05
Investments in S Ltd.:1,20,000 shares of Rs. 100 each	255	-
Stock	60	30
Bills Receivable (including Rs.0.45 lakh from S Ltd.)	1.80	-
Trade Debtors	40.5	30
Loan to H Ltd.	-	3
<b>TOTAL</b>	<b>582.3</b>	<b>280.05</b>





- S Ltd. made a bonus issue on 31.03.2019 of one equity share for every two held, reducing the capital reserve equivalently. The transaction is not shown in the above Balance Sheets.
- The directors decided to write down the fixed assets of S Ltd. by Rs. 7.50 lakhs.

Prepare Consolidated Balance Sheet as on 31.03.2019.

20. Explain the Capital Service Line Contributions under Double Account System along with the accounting and reporting requirements.
21. Following is the Balance Sheet of U Ltd. as on 31.03.2018:(in Rupees)

Equity share Capital:	
2,000 shares of Rs. 100 each, Rs. 75 paid up	1,50,000
6,000 shares of Rs. 100 each, Rs. 60 paid up	3,60,000
4,000 preference shares of Rs. 100 each	4,00,000
5% Debentures	2,00,000
Creditors	2,90,000
Interest outstanding on debentures	10,000
<b>TOTAL</b>	<b>14,10,000</b>
Land	2,00,000
Plant	5,00,000
Patents	3,20,000
Stock	1,10,000
Debtors	2,20,000
Cash	60,000
<b>TOTAL</b>	<b>14,10,000</b>

On that date, Company went into liquidation. The dividends on preference shares were in arrears for two years. The arrears are payable as per the Articles.

Creditors include a Loan of Rs. 1,00,000 on mortgage of Land. The assets realised as under:

Land- Rs. 2,40,000; Plant- Rs. 4,00,000; Patents- Rs. 60,000; Stock- Rs. 1,20,000; Debtors- Rs. 1,60,000. Expenses of liquidation - Rs. 21,800.

Remuneration @ 3% on all assets realised (except cash) and 2% on amount distributed among unsecured creditors. Preferential Creditors- Rs. 30,000.

All payments were made on 30.06.2019.

Prepare Liquidator's Statement of Account.

22. L Ltd. came up with an issue of 20,00,000 equity shares of Rs. 10 each at par. 5,00,000 shares were issued to the promoters and the balance offered to the public was underwritten by three underwriters- A, B and C equally with firm underwriting of 50,000 shares each. Subscriptions totalled 12,97,000 shares including the marked forms which were A- 4,25,000; B- 4,50,000, C- 3,50,000 shares. The underwriters had applied for the number of shares covered by firm underwriting. The amounts payable on application and allotment were Rs. 2.50 and Rs. 2 respectively. The agreed commission was 2.5%. Required: a) Determine the liability of each underwriter(number of shares) b) Compute the amount payable/ receivable in the books of the company relating to underwriting. c) Pass journal entries for allotment of shares to underwriters, commission due to each of them and the net cash paid/ received.

