



QP CODE: 25050806



25050806

Reg No :

Name :

MCom DEGREE (CSS) EXAMINATION DECEMBER 2025

First Semester

Master of Commerce and Management

Core Courses - CM020101 - ADVANCED ACCOUNTING

2020 Admission Onwards

E212A60B

Time: 3 Hours

Weightage: 30

Part A (Short Answer Questions)

Answer any **eight** questions.

Weight **1** each.

1. Would you consider the annuity system of valuing goodwill superior to other methods? If so, why?
2. Gaurav holds 5,000 equity shares in Real Ltd. The nominal and paid-up capital of the company is as follows:
- 20,000 equity shares of Rs 1 each
- 10,000, 5% preference shares of Rs 1 each (non-participative in further profits).
It is ascertained that:
(i) The normal profit of such a company is Rs 5,000; and
(ii) The normal rate of return by way of dividend on the paid-up value of equity share capital for the type of business carried out by the company is 8 %. Calculate the yield value of his shareholding based upon the above information.
3. Why is consolidation of financial statements of a holding company with its subsidiary necessary?
4. What do you mean by inter company owings? How will you treat the same in the case of amalgamation?
5. Following is the Balancesheet of N Ltd as on 31/12/2020

Liabilities	Rs.	Assets	Rs.
Share capital		Goodwill	3,00,000
(80,000 Equity Shares of 10)	8,00,000	Land and Buildings	2,60,000
General Reserve	1,60,000	Plant and Machinery	1,75,000
Profit and Loss A/c	1,40,000	Investments	1,00,000
10% Debentures	3,00,000	Stock	2,75,000
Creditors	75,000	Debtors	90,000
Bills Payable	25,000	Bank	60,000
		Preliminary Expenses	2,40,000
	15,00,000		15,00,000

J Ltd takes over all assets and liabilities of the above company. For this purpose, the assets and liabilities are revalued as follows:





Land and Buildings Rs. 3,00,000, Plant and machinery 10% less than book values, investments at Rs.135,000. Creditors are taken over at Rs.70,000. Goodwill is valued at Rs. 4,00,000. Calculate purchase consideration under the Net Worth Method.

6. What is materiality concept? Give example.
7. How will you value the inventories as per AS – 2 in the following case.
One kilogram of finished goods consisted of material cost – Rs 1,000; Direct labour – Rs 200 and Direct variable overhead Rs 100. Fixed production charges for the year on normal capacity of 1,00,000 kg is Rs 10,00,000; 2,000 kg of finished goods are on stock at the year end.
8. XYZ Ltd allotted 7,500 equity shares of Rs 100 each fully paid up to ABC Ltd in consideration for supply of a special machinery. The shares exchanged for machinery are quoted at BSE at Rs 95/share, at the time of transaction. In the absence of fair market value of the machinery acquired, how the value of the machinery would be recorded in the books of XYZ Ltd?
9. Write a short note on blockchain technology in accounting.
10. Write a short note on Insolvency and Bankruptcy code 2016.

(8×1=8 weightage)

Part B (Short Essay/Problems)

Answer any **six** questions.

Weight **2** each.

11. Following particulars are available in respect of the business carried on by X:
(i) Profits earned by X : 2011 Rs 50,000 ; 2012 Rs 48,000 ; and 2013 Rs 52,000.
(ii) Profit of 2012 is reduced by Rs 5,000 due to stock destroyed by fire and profit of 2011 included a non-recurring income of Rs 3,000.
(iii) Profit of 2013 included Rs 2,000 income on investment.
(iv) The stock is not insured and it is thought prudent to insure the stock in future. The insurance premium is estimated at Rs 500 p.a.
(v) Fair remuneration to the proprietor (not taken in the calculation of profits) is Rs 10,000 p.a.
You are required to compute the value of goodwill on the basis of 2 years' purchase of average profits of the last three years
12. The following are the summarised balance sheets of PQ Ltd and RS Ltd. as at 31st March, 2021:

	PQ Ltd	RS Ltd
I. Equity and Liabilities		
1) Shareholders' funds		
(a) Share capital		
(Equity Shares of Rs. 10 each, fully paid up)	5,00,000	2,00,000
(b) Reserves and surplus	1,00,000	----
2) Trade payables	80,000	60,000
TOTAL	6,80,000	2,60,000
II. Assets		
1) Sundry assets	5,70,000	2,60,000
2) Non-current investments -		
(60% Equity Shares in RS Ltd; at cost)	1,10,000	
TOTAL	6,80,000	2,60,000

Prepare a consolidated balance sheet as at 31st March, 2021.

13. While preparing a Consolidated Balance Sheet, how would you treat issue of bonus shares a) out of pre-acquisition profits b) out of post-acquisition profits





14. Alby Ltd having a share capital of Rs. 50 Lakhs dividend into equity shares of Rs. 10 each was taken over by Bilby Ltd. Alby Ltd has a general reserve of Rs.1,00,000 and profit and loss account Cr. Rs.5,00,000. Bilby Ltd issued 11 equity shares of Rs.10 each for every share of Alby Ltd. Show how the journal entries would be passed in the books of Bilby Ltd. for the shares issued under the pooling of interest method of amalgamation.
15. Anu Ltd agrees to issue three shares of Rs. 10 each at a market value of Rs. 15 per share for every two shares of Rs. 10 each (Market Price Rs. 20) of Binu Ltd. The issued share capital of Binu Ltd consists of 10,000 shares of Rs. 10 each, fully paid up. Calculate purchase consideration.
16. Explain the advantages and disadvantages of accounting standards.
17. Net profit for the year Rs 12,00,000
 Weighted average number of shares outstanding during 2020 5,00,000 shares
 Average fair value of one equity share during the year 2020 Rs 20.00
 Weighted average number of shares under options during 2020 1,00,000 shares
 Exercise price for shares under option during the year 2020 Rs 15.00
 Calculate dilutive EPS.
18. Difference between traditional accounting and forensic accounting.

(6×2=12 weightage)

Part C (Essay Type Questions)

Answer any **two** questions.

Weight 5 each.

19. The following is the Balance Sheet of P. Ltd. as at 31.12.2018:

Liabilities	Rs.	Assets	Rs.
Share Capital:		Goodwill	20,000
20,000 Equity Shares of Rs. 10 each	2,00,000	Building at Cost	80,000
Profit and Loss Account	40,000	Plant & Machinery at Cost	50,000
Depreciation Fund:		Sundry Debtors	30,000
Building	5,000	Less: Reserve for Bad Debts 3,000	
Plant and Machinery	3,000	8,000	27,000
Sundry Creditors	22,000	Stock-in-Trade	43,000
Bills Payable	4,000	Cash at Bank	50,000
Provision for Taxation	6,000	Discount on Issue of Shares	10,000
	2,80,000		2,80,000

The profits of the past four years (before providing for taxation) were: 2006 - Rs. 20,000; 2007 - Rs. 30,000; 2008. - Rs. 36,000 and 2009 - Rs. 40,000.

Compute the value of Goodwill of the company assuming that the normal rate of return for this type of company is 10%. Income Tax is payable @50% on the above profits

20. From the following summarised Balance Sheets of A. Ltd. and B. Ltd., as on 31.3.2018, prepare a consolidated Balance Sheet of Holding Company and its subsidiary. A. Ltd. purchased 1,500 shares in B. Ltd. on 1.4.2017, when there were no reserves or profits in B. Ltd. As on that date Sundry Assets of B Ltd were revalued at Rs.4,50,000 (book value Rs.4,00,000)





Liabilities	A Ltd	B Ltd	Assets	A Ltd	B Ltd
Share Capital					
Shares of ₹100 each	5,00,000	2,00,000			
Reserves and Surplus					
Reserve Fund	1,00,000	50,000	Fixed Assets		
Profit and Loss Account	1,00,000	50,000	Sundry Assets	8,00,000	3,60,000
			Investments – in B Ltd	1,50,000	----
Secured Loans			Stock in Trade	50,000	40,000
Debentures	1,00,000				
Unsecured loans					
Current Liabilities - Creditors	2,00,000	1,00,000			
	10,00,000	4,00,000		10,00,000	4,00,000

21. The following is the Balance sheet of Amala Ltd

Particulars	Rs.
I. EQUITY AND LIABILITIES	
Share capital (Rs.10 each)	100000
General Reserve	50000
Current Liabilities:	
Sundry Creditors	50,000
TOTAL	200000
II. ASSETS	
Fixed Assets	80000
Current Assets	120000
TOTAL	200000

The business is taken over by Alina Ltd for a sum of Rs.3,00,000 to be satisfied by the issue of shares of Rs.10 each. The current assets of Amala Ltd. Include goods of the value of Rs. 50,000 which were purchased by it from Alina Ltd. on which Alina Ltd charged a profit of 25% on cost. The current asset of Amala Ltd also includes debt of Rs. 20,000 due by Alina Ltd. for goods purchased and which have now been completely sold by that company. Prepare realisation account and the shareholders account in the books of Amala Ltd and pass the necessary journal entries for acquisition of business and new Balance sheet in the books of Alina Ltd.

22. Explain Forensic Accounting. Discuss the need of forensic accounting and its significance in India.

(2×5=10 weightage)

