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Reg. No.....

Name.....

M.Com. DEGREE (PRIVATE) EXAMINATION, JULY 2026

First Semester

Faculty of Commerce

Paper I—ADVANCED FINANCIAL ACCOUNTING

(2016 – 2018 Admissions–Final Mercy Chance)

Time : Three Hours | Maximum Marks : 75

NPC permitted.

Section A

Answer **all** *questions.*
Each question carries 2 marks.
Answer not to exceed **half a page** *each.*

1. Explain the Dual Aspect Concept with an example.
2. Distinguish between IAS and IFRS.
3. Explain the super profit method of valuation of goodwill.
4. Explain the factors affecting the value of shares.
5. What are the methods of calculating purchase consideration ?
6. Explain the meaning and objectives of external reconstruction.
7. What is capital reduction account ? Explain its uses.
8. What is meant by preferential payment ?
9. Explain the meaning of deficiency in company liquidation.
10. What are the objectives and importance of asset valuation in accounting ?

(10 × 2 = 20)

Section B

Answer any **five** *questions.*
Each question carries 5 marks.
Answer no to exceed **one page** *each.*

11. Explain the objectives and importance of International Accounting Standards.
12. Define goodwill. Explain the importance and need for valuation of goodwill.
13. Explain the Yield Value Method of valuation of shares with a suitable example.

Turn over

14. Discuss the advantages and disadvantages of merger of companies.

15. Explain the various methods of alteration of share capital with suitable examples.

16. Explain the procedure for preparing a liquidator's Statement of Affairs.

17. A company has 50,000 equity shares of Rs. 10 each. Its net assets available to equity shareholders are Rs. 7,50,000. The average maintainable profit is Rs. 1,00,000 and the normal rate of return is 10%.

    Calculate : a) Intrinsic value per share ; b) Yield value per share ; c) Fair value per share.

18. A Limited company went into liquidation having the following liabilities:

    a) Secured creditors Rs. 20,000 (securities realized Rs. 25,000)

    b) Preferential creditors Rs. 600

    c) Unsecured creditors Rs. 30,500

    Liquidator's expenses amount to Rs. 252. The liquidator is entitled to a remuneration of 3% on the amount realized and 1.5% on the amounts distributed to unsecured creditors. The assets (excluding securities) realized Rs. 26,000. Prepare Liquidator's Final Statement of Account.

$(5 \times 5 = 25)$

Section C

Answer any **one** *question.*
This question carries 10 marks.

19. A Company's position on June 30, 2025, was as follows :

    20,000 equity shares of Rs.100 each Rs. 20,00,000

    1,000, 6% debentures of Rs. 1,000 each Rs. 10,00,000

    Interest on above Rs. 1,20,000

    The assets on that date amounted to Rs. 9,60,000 (valued according to their present worth). The following steps were with the approval of all concerned :

    1. The shares were sub-divided into shares of Rs. 5 each and 90% of the shares were surrendered.
    2. The total claims of the debentureholder were reduced to Rs. 4,90,000 and in consideration of this, they were also allotted shares (out of the surrendered shares) amounting to Rs. 2,50,000.
    3. The shares surrendered but not reissued were cancelled. Give journal entries and give the Balance Sheet of the company after reconstruction.

20. The following is the Balance Sheet of X Ltd. as on 1-3-2025 :

Liabilities	Rs.	Assets	Rs.
Share capital: 2,00,000		Land & Buildings	10,00,000
Shares of Rs.10 each	20,00,000	Plant & Machinery	15,00,000
General reserve	2,50,000	Furniture	25,000
Dividend equalization		Stock	6,00,000
Reserve	2,00,000	Work-in-progress	3,00,000
Profit &Loss a/c	51,000	Sundry debtors	2,50,000
12% Debentures	10,00,000	Cash at Bank	1,26,000
Sundry creditors	3,00,000		
	38,01,000		38,01,000

The company was absorbed by A Ltd. on the above date. The consideration for the absorption is the discharge of the debentures at a premium of 5%; taking over the liability in respect of sundry creditors and a payment of Rs. 7 in cash and one share of Rs. 5 in A Ltd. at the market value of Rs. 8 per share for every share in X Ltd. The cost of liquidation of Rs. 15,000 is to be met by the purchasing company.

Close the books of X Ltd. and pass journal entries in the books of A Ltd.

(1 × 10 = 10)

Section D

Answer any **one** *question.*
This question carries 20 marks.
Answer not to exceed **five pages**.

21. The following is the Balance Sheet of Unlucky Ltd. as 31st March 2025.

Liabilities	Rs.	Assets	Rs.
Share Capital :		Land & Buildings	1,00,000
2,000 14% preference		Plant & Machinery	2,50,000
Shares of Rs.10 each	2,00,000	Patents	40,000
1,000 Equity Shares of			
Rs. 100 each, Rs. 75 paid	75,000	Stock	55,000
3,000 Equity Shares of			
Rs.100 each, Rs. 60 paid	1,80,000	Sundry Debtors	1,10,000
14% Debentures having a		Cash at Bank	75,500
Floating charges on all			
assets	1,00,000	Profit & Loss	83,500
Interest outstanding	14,000		
Creditors	1,45,000		
	7,14,000		7,14,000

The company went into liquidation on the above date.

The preference dividends were in arrears for two years. The arrears are payable automatically on liquidation. Creditors include a loan for Rs. 50,000 on the mortgage of Land and Buildings. The assets were realized as follows :

Land and Buildings	Rs.	1,20,000
Plant and Machinery		2,00,000
Patents		30,000
Stock		60,000
Sundry Debtors		80,000

The expenses of liquidation amounted to Rs. 10,900. The liquidator is entitled to a commission of 3% on all assets realized except cash and a commission of 2% on amount distributed among the unsecured creditors. Preferential creditors amounted to Rs. 15,000. Assume the payment was made on 30th September 2025. Prepare the Liquidator's final statements.

22. Explain the meaning and features of amalgamation of companies. Discuss the different types of amalgamation.

(1 × 20 = 20)