



K19P 0318

Reg. No. :

Name :

II Semester M.Com. Degree (Reg./Suppl./Imp.) Examination, April 2019
(2014 Admission Onwards)

COM2C09 : ADVANCED BUSINESS ACCOUNTING

Time : 3 Hours

Max. Marks : 60

SECTION – A

Answer **any four** questions in this Section. **Each** question carries **1** mark for part (a), **3** marks for part (b) and **5** for part (c).

1. a) What are the methods of valuation of shares ? 1
b) Explain the need for valuation of shares. 3
c) The following particulars relate to a company :
Total assets 18,50,000
External liabilities 2,50,000
Share capital :
14% preference share of Rs. 10 each fully paid 5,00,000
40000 equity shares of Rs. 10 each fully paid 4,00,000
60000 equity shares of Rs. 7.50 paid 4,50,000
Calculate the value of each category of equity shares of the company based on a deemed liquidation. 5
2. a) What is a Govt. company ? 1
b) Discuss the role of Comptroller and Auditor General of India. 3
c) Explain the provisions regarding the maintenance of books of accounts, presentation of annual accounts and audit of Government companies. 5
3. a) What do you mean by accounting for price level changes ? 1
b) Define 'backlog depreciation' in the context of inflation accounting. 3
c) Ascertain net monetary result as at 31st March 2018 from the date given below.
- | | 1-4-2017 | 31-3-2018 |
|---------------------|----------|-----------|
| Cash at bank | 15,000 | 21,000 |
| Accounts receivable | 45,000 | 54,000 |
| Accounts payable | 75,000 | 50,000 |
- P.T.O.



General Price Index Number :

1 st April 2017	100	
31 st March 2018	125	
2017-18 average	120	5

4. a) What do you mean by Human Resource Accounting ? 1
 b) What are the objective of Human Resource Accounting ? 3
 c) Discuss briefly the important approaches to the valuation of Human Resource. 5

5. a) What is voyage account ? 1
 b) Write briefly item of income and expenditure peculiar to voyage accounts. 3
 c) A ship commenced its journey from Mumbai to Kolkata on 31st March on which date the accounts are closed. Ship was on her half way back to Mumbai from Kolkata.

The details for the entire voyage to Kolkata and back were :

	Rs.
Freight	80,000
Coal consumed	14,000
Stores consumed	6,000
Port charge	3,000
Salaries of crew	8,000
Depreciation	8,000
Insurance of ship	10,000
Insurance of freight	4,000
Address commission	5%
Income from freight on return	30,000
Primage	10%

Prepare voyage account as on 31st March 2018. 5

6. a) What are accounting standard ? 1
 b) Discuss the main objectives of accounting standards. 3
 c) Explain the procedure for issuing an accounting standard. 5

(4×9=36)



SECTION – B

Answer the **two** questions in this Section. **Each** carries **12** marks.

7. a) From the following particulars, calculate the fair value of an equity share assuming that out of the total assets, those amounting to Rs. 41,00,000 are fictitious.
- i) Share capital : 5,50,000, 10% preference shares of Rs. 100 each, fully paid. 55,00,000 equity shares of Rs. 10 each, fully paid.
 - ii) Liability to outsiders Rs. 75,00,000
 - iii) Reserves and surplus Rs. 45,00,000
 - iv) The average normal profit after taxation earned every year by the company during the last five years Rs. 85,05,000
 - v) The normal profit earned on the market value of fully paid equity shares of similar companies is 12%.

OR

- b) MN Ltd bought and sold 6% stock as follows, interest being payable on March 31 and September 30 each year.

2017 March 1 bought Rs. 24,000 @ Rs. $90\frac{7}{8}\%$

2017 June 15 sold Rs. 10,000 @ $92\frac{5}{8}\%$ cum interest

2017 August 1 bought Rs. 6,000 @ Rs. $91\frac{3}{8}\%$

2017 September 1 sold Rs. 4,000 @ Rs. $93\frac{1}{8}\%$

2017 December 1 bought Rs. 12,000 @ Rs. $94\frac{1}{8}\%$ cum interest

Prepare Investment a/c for the year ended 31-12-2017 assuming brokerage at $\frac{1}{8}\%$ in each case.

8. a) On December 31, 2017 the Balance Sheet of A Ltd. disclosed the following position :

Equity and Liabilities	Rs.
Shareholder's Fund :	
Share capital	4,00,000
(Issued capital in Rs. 10 shares)	
Reserves and surplus	1,10,000



Long-term borrowings :	
5% debentures	1,00,000
Current liabilities	1,30,000
	7,40,000
Assets	
Non-current assets :	
Tangible assets	
Fixed asset	5,00,000
Intangible asset :	
Goodwill	40,000
Current assets	2,00,000
	7,40,000

The Net profit for the years were 2015 Rs. 51,600, 2016 Rs. 52,000, 2017 Rs. 51,650 of which 20% was placed to reserve, this proportion being considered reasonable in the industry in which the company is engaged and where a fair investment return may be taken at 10%. Compute the value of the company's share under yield-basis method.

OR

- b) Zero Limited commenced its business on 1st April 2016, 200000 equity shares of Rs. 10 each at par and 12.5% debentures of the aggregate value of Rs. 2,00,000 were issued and fully taken up. The proceeds utilised as under :

Fixtures and equipments (estimated life 10 years, no scrap value)	16,00,000
Goods purchased for resale at Rs. 200 per unit	6,00,000

The goods were entirely sold by 31st January 2017 at a profit of 40% on selling price collection from debtors outstanding on 31st March amounted to Rs. 60,000 goods sold were replaced at a cost of Rs. 7,20,000, the number of units purchased being the same as before. A payment of Rs. 40,000 to a supplier was outstanding as on 31st March 2017.

The replaced goods remained entirely in stock on 31st March 2017. Replacement cost of fixtures and equipments (depreciations on straight line basis) was Rs. 20,00,000 as on 31st March 2017.

Draft the Profit and Loss Account and Balance Sheet on replacement cost (entry value) basis and on historical cost basis. (2×12=24)