



K23P 0518

Reg. No. : .....

Name : .....

**II Semester M.Com. Degree (C.B.S.S. – Reg./Supple./Imp.)**  
**Examination, April 2023**  
**(2019 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** marks for Part (c). **(9×4=36)**

1. a) What is share ?  
b) Describe the steps in formulating Accounting Standard.  
c) Write a note on Government Accounting. How its differentiated from Commercial Accounting ?
2. a) Define 'Inflation Accounting'.  
b) Write a note on ASB.  
c) From the information given below, ascertain COSA and closing inventory under CPP method if the firm follows FIFO method.

|                            | Historical Cost (₹) | General Price Index (₹) |
|----------------------------|---------------------|-------------------------|
| Inventory as on 31-12-2019 | 40,000              | 200                     |
| Inventory as on 31-12-2020 | 50,000              | 230                     |
| Purchases during the year  | 3,10,000            | 220 (average for 2020)  |

3. a) What is Voyage Account ?  
b) Write a note on HRA.  
c) What are the advantages and disadvantages of CPP method ?
4. a) What is the importance of Accounting Standard ?  
b) Why Inflation Accounting ?  
c) What are the advantages and disadvantages of HRA ?

P.T.O.



5. a) What do you mean by Government Accounting ?  
 b) Write a note on insurance claims.  
 c) From the following information, calculate the amount of gearing adjustment if 40% debt and 60% equity.

|                      |        |
|----------------------|--------|
|                      | ₹      |
| Depreciation account | 10,000 |
| COSA                 | 5,000  |
| MWCA                 | 5,000  |

6. a) What is Public Account Committee ?  
 b) What is CPP method valuation ?  
 c) What are the general principles regarding Government accounting ?

### SECTION – B

Answer the **two** questions in this Section. **Each** carries **12** marks. (2×12=24)

7. a) Following details are furnished by a shipping company in connection with Voyage No 45, which was commenced from port A on 1/2/2015. The ship arrived at port D on 31/3/2015 when the voyage was completed.

2000 tons and 500 tons were loaded at port A for port D and C respectively, another 300 tons were loaded at C for D. The freight charges were :

A to D ₹ 100 per ton, A to C ₹ 80/ton, C to D ₹ 50/ton.

The freight is subject to 10% primage, 5% address commission and 3% brokerage. The freight was insured at 2.5%, the hull was insured for the Voyage @ 1%. Depreciation is provided @ 5% p.a.

Cost of ship is ₹ 12 lakhs.

The expenses at different ports were given below :

|                          | A     | B    | C    | D    |
|--------------------------|-------|------|------|------|
| <b>Port charges</b>      | 5000  | 1000 | 3000 | 3000 |
| <b>Coal</b>              | 18000 | –    | 4000 | –    |
| <b>Captains expenses</b> | 1200  | 800  | 600  | 900  |
| <b>Harbour wages</b>     | 4000  | –    | 3000 | 2500 |



Stores purchased at commencement amounted to ₹ 8,000. Opening stock of stores was ₹ 5,000 and closing stock is ₹ 2,000. Stock of coal at close is ₹ 4,500 as against ₹ 1,500. Salaries amounted to ₹ 12,000/ month. Prepare Voyage account.

OR

b) Prepare Cattle Account :

|                                    | No. | Value    |
|------------------------------------|-----|----------|
| Opening stock of livestock         | 50  | 90,000   |
| Closing stock of livestock         | 60  | 1,10,000 |
| Purchase of cattle during the year | 110 | 2,05,000 |
| Sales of cattle during the year    | 95  | 2,12,000 |
| Sales of slaughtered cattle        | 6   | 12,000   |
| Sale of carcasses                  | 4   | 1,000    |
| Cattle food                        |     | 18,000   |
| Wages for rearing                  |     | 4,500    |
| Slaughter house expenses           |     | 500      |

Crop with 5000 grown in the farm was used for feeding the cattle, out of the calves born 2 died their carcasses realised 100.

8. a) Define HRA? What are the different approaches for valuation of human resources ?

OR

b) Ascertain net monetary result as at 31/3/2021.

|                     | 1/4/2020 (₹) | 31/3/2021 (₹) |
|---------------------|--------------|---------------|
| Cash at Bank        | 15,000       | 21,000        |
| Accounts Receivable | 45,000       | 54,000        |
| Accounts Payable    | 75,000       | 50,000        |
| Price index         |              |               |
| 1/4/2020            | 100          |               |
| 31/3/2021           | 125          |               |
| Average 2020-21     | 120          |               |



K22P 0213

Reg. No. : .....

Name : .....

**II Semester M.Com. Degree (CBSS – Reg./Supple/Imp.)  
Examination, April 2022  
(2018 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** marks for Part (c).

1. a) What is Intrinsic Value Method ?
- b) What are the factors influencing valuation of shares ?
- c) From the information given below and the balance sheet of Cipla Limited on 31<sup>st</sup> December, 2021, find the value of shares by intrinsic value method.

**Balance Sheet**

| <b>Liabilities</b>      | <b>Amount</b>    | <b>Assets</b>         | <b>Amount</b>    |
|-------------------------|------------------|-----------------------|------------------|
| 1000, 8% Preference     |                  | Buildings             | 70,000           |
| Shares of Rs. 100 each  |                  | Furniture             | 3,000            |
| fully paid              | 1,00,000         | Stock (Market Value)  | 4,50,000         |
| 4000 Equity Shares of   |                  | Investment at cost    |                  |
| Rs. 100 fully paid      | 4,00,000         | (Face value 4,00,000) | 3,35,000         |
| Reserves                | 1,50,000         | Debtors               | 2,80,000         |
| Profit and Loss Account | 5,10,000         | Bank                  | 60,000           |
| Creditors               | 48,000           | Preliminary Expenses  | 10,000           |
|                         | <b>12,08,000</b> |                       | <b>12,08,000</b> |

Building is now worth of Rs. 3,50,000 and the Preferential shareholders are having preference as to capital and dividend.

P.T.O.



2. a) What is IFRS ?  
 b) Illustrate the benefits of Accounting Standards.  
 c) Explain the procedure for formulation of accounting standards.
3. a) What are current investments ?  
 b) Explain the nature of Voyage Account and write briefly about Stevedoring Charges, Address Commission and Bunker Cost.  
 c) The Black Pearl commenced its voyage from Kolkata to Chennai on 31<sup>st</sup> March, 2021 to 30<sup>th</sup> April, 2021.

| Particulars               | In Rs. |
|---------------------------|--------|
| Brokerage                 | 8,000  |
| Insurance                 | 18,000 |
| Depreciation for 2 months | 20,000 |
| Salaries                  | 50,000 |
| Bunker Cost               | 4,000  |
| Light House Cost          | 3,000  |

Freight earned for return journey Rs. 1,00,000 and for outward journey Rs. 1,25,000. Primage is 10% on freight. Prepare Voyage Account.

4. a) What is COSA ?  
 b) A company purchased a machine on 1-1-2004 for Rs. 60,000. The retail price index on that date stood at 150. You are required to restate the value of the machine according to CPP method on 31-12-2004 when the price index stood at 200.  
 c) What are the objectives of Price Level Accounting ?
5. a) Define Human Resource Accounting.  
 b) What is Recruitment Cost and Placement Cost in HR Accounting ?  
 c) Elaborate on the importance of Human Resource Accounting.
6. a) What is Public Accounts Committee ?  
 b) What is principle of verifiability and principle of custodianship ?  
 c) What are the objectives of Government Accounting ?

(4×9=36)



SECTION – B

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

7. a) Fire occurred in the premises of Real Ltd. on 01-04-2017 and a considerable part of the stock was destroyed. The stock salvaged was Rs. 56,000. A fire insurance policy for Rs. 3,42,000 was taken to cover the loss of stock by fire. You are required to ascertain the amount of claim.

|  |           |
|--|-----------|
| Purchases during 2016                    | 18,76,000 |
| Sales during 2016                        | 23,20,000 |
| Purchases from 01-01-2017 to 01-04-2017  | 3,64,000  |
| Sales for the above period               | 4,80,000  |
| Stock (01-01-2016)                       | 2,88,000  |
| Stock (31-12-2016)                       | 4,84,000  |
| Wages paid during 2016                   | 2,00,000  |
| Wages paid from 01-01-2017 to 01-04-2017 | 36,000    |

Fire also broke out on 21-12-2016 and destroyed stock of the estimated cost of Rs. 1,00,000. There was a practice in the concern to value stock at cost less 10%, but all of sudden this practice was changed and stock on 31-12-2016 was valued at cost plus 10%.

OR

- b) On 01-04-2017, Finwiz Ltd. had 12% Govt. Bonds amounting to Rs. 4,00,000 at Rs. 96 (face value being Rs. 100 each). Interest is payable on 31<sup>st</sup> March and 30<sup>th</sup> September every year. On 01-06-2017, Finwiz Ltd. sold 12% Govt. Bonds of Rs. 1,00,000 at Rs. 96 cum-interest. Show the 12% Govt. Bonds amount for the year ended 31-03-2018. The bond was quoted at Rs. 99 ex-interest. Ignore income tax and brokerage.
8. a) Two Companies, A Ltd. and B Ltd. are found to be exactly similar as to their assets, reserves and liabilities except that their share capital structures are different. The share capital of A Ltd. is Rs. 11,00,000, divided into 1,000, 6% Preference Shares of Rs. 100 each and 1,00,000 Equity Shares of Rs. 10 each. The share capital of B Ltd. is also Rs. 11,00,000, divided into 1,000, 6% Preference Shares of Rs. 100 each and 1,00,000 Equity Shares of Rs. 10 each. The fair yield in respect of the Equity Shares of this type of companies is ascertained at 8%. The profits of the two companies for



2020 and 2021 are found to be Rs. 1,10,000 and Rs. 1,50,000 respectively. Calculate the value of the Equity Shares of each of these two companies on 31-12-2020 on the basis of this information only. Ignore taxation.

OR

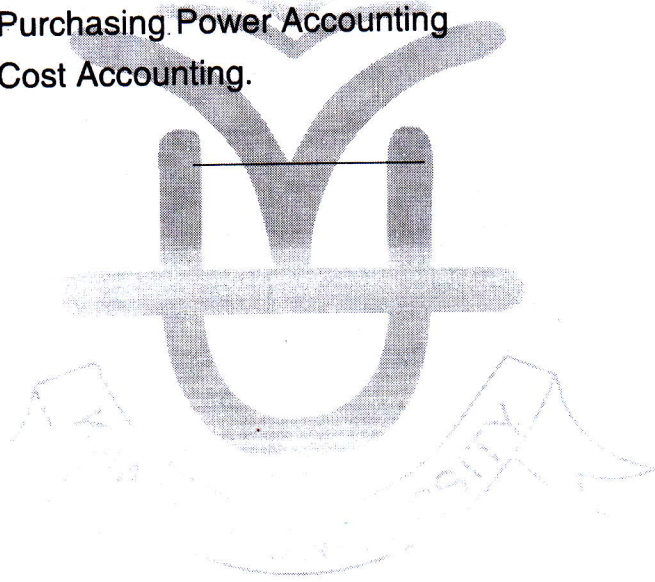
- b) Below is given the Balance Sheet as at 1-4-2013 on Historical Cost Accounting.

|         |           |                     |           |
|---------|-----------|---------------------|-----------|
| Capital | 10,00,000 | Plant and Machinery | 10,00,000 |
|---------|-----------|---------------------|-----------|

During the year 2013-14, wholesale index has gone up by 20%. On 31<sup>st</sup> March, 2014, the replacement cost of plant and machinery was Rs. 13,00,000. It is supposed further that the plant and machinery is sold for Rs. 14,00,000. You are required to prepare final statements for the year ending 31<sup>st</sup> March, 2014 under the following approaches :

- Historical Cost Accounting
- Current Purchasing Power Accounting
- Current Cost Accounting.

(2×12=24)





K21P 0807

Reg. No. : .....

Name : .....

**II Semester M.Com. Degree (CBS S- Reg/ Suppl. (Including Mercy  
Chance)/Imp.) Examination, April 2021  
(2014 Admission Onwards)  
COM 2C09 : ADVANCED BUSINESS ACCOUNTING**

Time : 3 Hours

Max. Marks : 60

SECTION – A

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

1. a) What is price level accounting ?  
b) Differentiate between monetary and non-monetary accounts.  
c) Mr. A purchased a piece of land in 2000 for Rs. 50,000 when the general price index was 125. He sold this piece of land in 2007 for Rs. 1,05,000 when the general price index was 300. Calculate the profit or loss on the sale of land keeping aside the price level changes.
2. a) What is Public Accounts Committee ?  
b) What are the special features of Government Accounting ?  
c) How is commercial accounting different from Government Accounting?
3. a) What do you mean by surrender value ?  
b) Describe consequential losses with examples.  
c) From the following particulars, prepare the Fire Insurance Revenue Account for the year ended 31-3-2019.

|   | Rs.       |
|---|-----------|
| Claims paid                                     | 5,80,000  |
| Premiums received                               | 13,90,000 |
| Reinsurance premium                             | 80,000    |
| Commission                                      | 2,20,060  |
| Expenses of management                          | 2,85,000  |
| Provisions for unexpired risks (as on 1-4-2018) | 5,25,000  |
| Claims unpaid (as on 1-4-2018)                  | 45,000    |
| Claims unpaid (as on 31-3-2019)                 | 47,000    |

Make a provision for unexpired risks at the end of the year @ 50% of net premium.

P.T.O.





4. a) How will you treat the farm output consumed by the labourers working in the farm ?  
 b) What are the objectives of farm accounting ?  
 c) What are the features of farm accounting ? Write a short note on notional transactions in agricultural farm accounts.
5. a) Explain the concept of Human Resource Accounting.  
 b) Discuss the limitations of Human Resource Accounting.  
 c) Write notes on :  
 i) Historical Cost Approach  
 ii) Replacement Cost Approach  
 iii) Opportunity Cost Approach.
6. a) What is "backlog depreciation" ?  
 b) Write notes on COSA and MCWA.  
 c) Calculate Monetary Working Capital Adjustment from the following data :

|                            | 1-1-2006 | 31-12-2007 |
|----------------------------|----------|------------|
| Sundry debtors             | 70,000   | 1,00,000   |
| Sundry creditors           | 30,000   | 40,000     |
| Index number               | 100      | 120        |
| Average index for the year | 110.     |            |

(4×9=36)

## SECTION – B

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

7. Following is the Balance Sheet of Messers H. Desai & Co. Private Ltd. as on 31<sup>st</sup> December 2011 :

| Liabilities                                 | Amount<br>Rs.   | Assets   | Amount<br>Rs.   |
|---|-----------------|--|-----------------|
| Share capital (10,000 shares of Rs.10 each) | 1,00,000        | Land and Building at cost<br>less depreciation | 70,000          |
| General Reserve                             | 50,000          | Plant and Machinery at cost                    | 70,000          |
| Taxation Reserve                            | 20,000          | less depreciation                              |                 |
| Workmen's Savings a/c                       | 20,000          | Trade Marks                                    | 20,000          |
| P & L a/c                                   | 30,000          | Stock  | 20,000          |
| Sundry Creditors                            | 40,000          | Debtors  | 48,000          |
|   |                 | Cash at bank                                   | 25,000          |
|   |                 | Preliminary expenses                           | 7,000           |
|   | <b>2,60,000</b> |  | <b>2,60,000</b> |



The Plant and Machinery is worth Rs. 60,000 and Land and Buildings are worth Rs. 1,30,000 as valued by an independent valuer.

Rs. 5,000 of the debtors is to be taken as bad.

The profits of the company were

2009 : Rs. 50,000

2010 : Rs. 60,000

2011 : Rs. 70,000

It is the practice of the company to transfer 20% of the profits to reserve. Ignoring taxation find out the value of shares of the company on their intrinsic or net assets basis and also on yield basis. Shares of similar companies quoted in the stock exchange yield 12% on their market value. Goodwill of the company may be taken at Rs.1,00,000.

OR

Describe about Accounting standards, arguments in favor and against accounting standards. What are the steps in formulation of Accounting Standards ? List out few IAS.

8. A Ltd. furnishes the following income statement for the year ending 31<sup>st</sup> December 2007, prepared on the basis of conventional accounting. You are required to adjust the same for price level changes under CPP method.

|                          |        | <b>Rs.</b> |
|--------------------------|--------|------------|
| Sales                    |        | 90,000     |
| – Cost of goods sold :   |        |            |
| Opening stock            | 8,000  |            |
| + Purchases              | 60,000 |            |
| – Closing stock          | 6,000  |            |
|                          | 62,000 |            |
| + Expenses :             |        |            |
| Wages & salaries         | 6,000  |            |
| Other expenses           | 4,500  |            |
| Depreciation on building | 700    |            |
| Interest                 | 300    |            |
|                          |        | 73,500     |
| Net Income               |        | 16,500     |
| Dividends                |        | 4,000      |
| Retained Earnings        |        | 12,500     |



**Additional information :**

- i) Index of general price level
- |               |     |
|---------------|-----|
| 1-1-2007      | 100 |
| 31-12-2007    | 200 |
| Average Index | 150 |
- ii) Interest and dividends are paid on December 31.
- iii) Building was purchased when the index was 50.

OR

Bharat Shipping Ltd. of Mumbai acquired a new ship M. V. Jalabhi at a cost of Rs. 25,00,000. The ship was ready for service on January 1, 2012. Upto 31<sup>st</sup> March 2012 the ship had made 2 complete voyages one to London and back and was half way through the next to London. The ship carried the following Freight :

To London 7,500 tonnes @ Rs. 30 per ton  
 From London 9,000 tonnes @ Rs. 25 per ton  
 Unfinished Voyage 9,500 tonnes @ Rs. 25 per ton  
 Following expenses were incurred:

|                            | Rs.    |
|----------------------------|--------|
| Salaries and wages of crew | 80,000 |
| Fuel                       | 40,000 |
| Sundry Stores              | 8,000  |
| Port dues                  |        |
| Mumbai                     | 8,400  |
| London                     | 6,000  |
|                            | 14,400 |

Stevedoring @ Rs. 2 per ton

Share of overhead for the ship for the period 30,000

You are further informed that 5% commission was paid to agents in addition to 1 % address commission.

An insurance policy was taken out @ 2% p.a on the ship and freight was insured at a premium of Rs. 1,200 p.a.

You are required to prepare Voyage Account for the period of 3 months ending on 31<sup>st</sup> March 2012.

(2×12=24)



K20P 0370

Reg. No. : .....

Name : .....

II Semester M.Com. Degree (CBSS – Reg./Suppl./Imp.) Examination, April 2020  
(2014 Admission Onwards)  
COM2C09 : ADVANCED BUSINESS ACCOUNTING

Time : 3 Hours

Max. Marks : 60

SECTION – A

Answer **any 4** questions in this Section. **Each** question carries **1** mark for Part a,  
**3** marks for Part b, **5** marks for Part c. (4×9=36)

1. a) What is earnings capacity method ? 1
- b) State the steps in the calculation of net asset value. 3
- c) The following particulars are available in relation to a company
  - a) Capacity 450, 6% preference shares of Rs. 100 each, fully paid
  - b) External liabilities Rs. 7,500/-
  - c) Reserves and surplus Rs. 3,500/-
  - d) The average normal profit (after taxation) earned every year by the company Rs. 8,505
  - e) The normal profit earned on the market value of equity shares, fully paid, of the same type of companies is 9%
  - f) Calculate the intrinsic value of each equity share under asset-backing method – assuming that out of the total assets, those worth Rs. 350 are fictitious ? 5
2. a) What is consolidation fund ? 1
- b) Explain the role of treasurers in Government Accounting. 3
- c) Explain the compilation of Government Accounts. 5

P.T.O.



3. a) What is a address commission ? 1
- b) Explain the preparation of Voyage account. 3
- c) Kaveri commenced a Voyage on 1<sup>st</sup> January 2017 from Mumbai to London. The Voyage was completed on 28<sup>th</sup> Feb. 2017. It carried consignment of textiles on its outward journey and of machinery on its return journey. Prepare the Voyage account from the following particulars.

|  | Rs.    |
|--|--------|
| Wages and salaries   | 30,000 |
| Port dues  | 10,000 |
| Stores   | 20,000 |
| Bunker   | 40,000 |
| Sundry expenses  | 4,166  |
| Lighterage charges   | 10,000 |
| Depreciation-annual  | 60,000 |
| Insurance-annual   | 24,000 |
| Address commission – 5% on outward and 4% on return freight.                           |        |
| Primage 5% on freight  |        |
| Freight earned – outward   | 80000  |
| Freight earned – inward  | 40000  |
| Passage money received   | 14000  |
| Stores and coal on hand on 28 <sup>th</sup> Feb. 2017 were valued at Rs.               | 4000   |
| The manager is entitled to 5% commission on the profit after charging such commission. |        |



- 4. a) What is Farm accounting ? 1
- b) Explain the characteristics of Farm accounting. 3
- c) From the information given below, prepare Farm accounts :

|               | Opening stock | Closing stock |
|---------------|---------------|---------------|
|               | Rs.           | Rs.           |
| Crops         | 4,000         | 5,000         |
| Growing crops | 3,000         | 4,500         |
| Seeds         | 2,000         | 2,500         |
| Cattle        | 75,000        | 1,05,000      |
| Cattle food   | 10,000        | 5,500         |
| Poultry       | 9,000         | 13,500        |
| Poultry food  | 1,000         | 2,000         |
| Fish          | 2,000         | 3,200         |
| Fertilizers   | 5,000         | 3,000         |

Purchases during the year :

Poultry Rs. 15,000, Seeds Rs. 1,500, Cattle; Rs. 40,000, Fish Rs. 1,000, Cattle food Rs. 14,000; Fertilizers Rs. 3,500; Poultry food; Rs. 3,000.

Sales during the year :

Butter Rs. 1,500; Milk Rs. 9,000; Eggs Rs. 13,000; Crops Rs. 21,000; Flowers Rs. 1,500; Fruits Rs. 4,000; Cattle Rs. 36,000; Poultry Rs. 14,000; Fish Rs. 6,000; Vegetables Rs. 5,000.

Expenses during the year :

Wages Rs. 23,500; Insurance Rs. 1,500; Depreciation Rs. 2,000; Repairs Rs. 1,200; Proprietor of the farm has consumed the following products of the farm; Butter Rs. 400; Poultry Rs. 200; Milk Rs. 2,500; Fish Rs. 100; Egg Rs. 500; Fruits Rs. 300; Vegetables Rs. 600. 5

- 5. a) Define accounting standards. 1
- b) What is the main function of ASB ? 3
- c) What are the limitations of accounting standards ? 5



6. a) Define inflation accounting. 1
- b) Explain the advantages of CCA method. 3
- c) From the following data related to XY Co. Ltd., find
- 1) Gearing adjustment ratio
  - 2) Current cost adjustment after taking gearing adjustment.

|  | 1-1-2015        | 31-12-2015      |          |
|--|-----------------|-----------------|----------|
|  | Rs.             | Rs.             |          |
| Creditors                                      | 80,000          | 56,000          |          |
| Net long term borrowings                       | 2,80,000        | 2,80,000        |          |
| Bank overdraft                                 | 1,00,000        | 1,12,000        |          |
| Taxation                                       | 30,000          | 28,000          |          |
| Cash   | (1,00,000)      | (1,68,000)      |          |
| <b>Net Borrowings :</b>                        | <b>3,90,000</b> | <b>3,08,000</b> |          |
| Share capital and<br>reserve from current cost |                 |                 |          |
| Balance Sheet                                  | 7,41,600        | 9,41,120        |          |
| Proposed dividend                              | 10,000          | 12,000          |          |
| <b>Total shareholders interest</b>             | <b>7,51,600</b> | <b>9,53,120</b> |          |
| Current cost adjustment                        |                 |                 |          |
| Depreciation                                   |                 | 34,000          |          |
| Disposal of fixed assets                       |                 | 36,000          |          |
| Monetary working capital adjustment            |                 | 22,400          |          |
| Cost of sales adjustment                       |                 | 32,400          |          |
|  |                 | <b>1,24,800</b> | <b>5</b> |



SECTION – B

Answer either **a** or **b**. Each carries 12 marks.

7. a) Sagar shipping Ltd., of Kochi acquired a new ship, Ratna at a cost of Rs. 20,00,000. The ship was ready for service on October 1, 2017. An insurance policy was taken out at 2½% p.a. on the ship, freight was insured at a premium of Rs. 10,000 p.a. During 3 months ended on 31<sup>st</sup> December 2017, the ship had made two complete Voyages one to London and back and was half way through the next to London. The ship carried the following freight.

|                   |                                |
|-------------------|--------------------------------|
| To London         | 6000 tonnes @ Rs. 20 per tonne |
| From London       | 7000 tonnes @ Rs. 18 per tonne |
| Unfinished Voyage | 7500 tonnes @ Rs. 18 per tonne |

5% commission was paid to agents in addition to 1% address commission. The expenses incurred were as follows :

|   | Rs.    |
|---|--------|
| Salaries and wages of crew                    | 60,000 |
| Fuel  | 30,000 |
| Sundry stores                                 | 6,000  |
| Port dues (Kochi Rs, 6,000, London Rs. 4,000) | 10,000 |
| Storedoring @ Rs. 2 per tonne                 | 41,000 |
| Share of overhead for the ship for the period | 25,000 |

Prepare the Voyage a/c for the period of 3 months ending on 31-12-15. 12

OR

- b) An investor furnishes the following details relating to his holdings in 6% Govt. Bonds on 1-1-2017 opening balance face value Rs. 60,000 – Cost Rs. 59,000

- 1-3-2017 – 100 units purchased ex-interest at Rs. 98
- 1-7-2017 – Sold 200 ex-interest out of the original holdings at Rs. 100
- 1-10-2017 – Purchased 50 units at Rs. 98 cum-interest
- 1-11-2017 – Sold 200 units ex-interest

Interest dates are 31<sup>st</sup> March and 30<sup>th</sup> September, Mr. Investor closes his books every 31<sup>st</sup> December.

Show investment account as it would appear in his books.

12





8. a) The following Balance Sheets were presented by X Ltd. and Y Ltd. as on 31<sup>st</sup> Dec. 2017

**Balance Sheet as at 31<sup>st</sup> Dec. 2017**

|                                 | X Ltd.           | Y Ltd.          |
|---------------------------------|------------------|-----------------|
|                                 | Rs.              | Rs.             |
| <b>Equity and Liabilities :</b> |                  |                 |
| 1. Shareholder's fund :         |                  |                 |
| Share capital : 5,00,000 equity | 5,00,000         | —               |
| Shares of Rs. 10 each           | —                | 1,00,000        |
| Reserves and surplus :          |                  |                 |
| General reserve                 | 2,00,000         |                 |
| Profit and loss a/c             | 3,00,000         |                 |
| Long-term borrowings            |                  |                 |
| Debenture :                     | 1,00,000         | —               |
| Current liabilities             |                  |                 |
| Trade payable                   | 1,00,000         | 50,000          |
|                                 | <b>12,00,000</b> | <b>1,50,000</b> |
| <b>Assets :</b>                 |                  |                 |
| 1. Non-current assets           |                  |                 |
| Tangible asset :                |                  |                 |
| Fixed assets                    | 7,00,000         | 1,00,000        |
| Non-current interest :          |                  |                 |
| Investment                      | 3,00,000         | —               |
| Current assets :                |                  |                 |
| Current assets                  | 2,00,000         | 50,000          |
|                                 | <b>12,00,000</b> | <b>1,50,000</b> |

X Ltd. agrees to take over Y Ltd. Find out the ratio of exchange of shares on the basis of the intrinsic values.



b) Prepare the Fire Insurance Revenue Account as per IRDA regulations for the year ended 31<sup>st</sup> March, 2017 from the following details :

|  | Rs.       |           |
|--|-----------|-----------|
| Claim paid   | 4,90,000  |           |
| Legal expenses regarding claims                                | 10,000    |           |
| Premium received   | 13,00,000 |           |
| Re-insurance premium fund                                      | 1,00,000  |           |
| Commission   | 3,00,000  |           |
| Expenses of management   | 2,00,000  |           |
| Provision against unexpired risk on 1 <sup>st</sup> April 2017 | 5,50,000  |           |
| Claims unpaid on 1 <sup>st</sup> April 2017                    | 50,000    |           |
| Claims unpaid on 31 <sup>st</sup> March 2018                   | 80,000    | 12        |
|  |           | (2×12=24) |

---



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 31<sup>st</sup> 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 <sup>st</sup> April 2017  | 100 |   |
| 31 <sup>st</sup> 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 31<sup>st</sup> 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 31<sup>st</sup> 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 :

| <b>Equity and Liabilities</b>     | <b>Rs.</b> |
|-----------------------------------|------------|
| 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        |
|                        | <b>7,40,000</b> |
| <b>Assets</b>          |                 |
| Non-current assets :   |                 |
| Tangible assets        |                 |
| Fixed asset            | 5,00,000        |
| Intangible asset :     |                 |
| Goodwill               | 40,000          |
| Current assets         | 2,00,000        |
|                        | <b>7,40,000</b> |

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 1<sup>st</sup> 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<br>(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 31<sup>st</sup> January 2017 at a profit of 40% on selling price collection from debtors outstanding on 31<sup>st</sup> 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 31<sup>st</sup> March 2017.

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



K18P 0200

Reg. No. : .....

Name : .....

**Second Semester M.Com. Degree (Regular/Supplementary/Improvement)  
Examination, March 2018  
(2014 Admn. Onwards)  
COM 2C09 : 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** marks for Part (c).

1. a) What is yield method of share valuation ? 1
- b) Critically evaluate the yield method. 3
- c) From the following information, calculate the value of an equity share. 5
  - i) The subscribed share capital of a company consists of 10 lakh 13% preference shares of Rs. 10 each and 20 lakh equity shares of Rs. 10 each. All the shares are fully paid up.
  - ii) The average annual profits of the company after providing depreciation but before taxation are Rs. 1,80,00,000. It is considered necessary to transfer Rs. 34,50,000 to general reserve before declaring any dividend. Rate of taxation is 30%.
  - iii) The normal return expected by investors on equity shares from the type of business carried on by the company is 20%. Ignore dividend distribution tax.

P.T.O.



2. a) What do you mean by fundamental accounting assumptions ? 1
- b) Briefly describe the fundamental accounting assumptions. 3
- c) Discuss the areas in which different accounting policies may be encountered. 5
3. a) What do you mean by Farm Accounting ? 1
- b) State the objectives of Farm Accounting. 3
- c) From the information given below, prepare "Cattle Account" to ascertain the profit made by the cattle division :

|                                     | No. | Value    |
|-------------------------------------|-----|----------|
| Opening stock of livestock          | 50  | 90,000   |
| Closing stock of livestock          | 60  | 1,10,000 |
| Purchases of cattle during the year | 110 | 2,05,000 |
| Sales of cattle during the year     | 95  | 2,12,000 |
| Sales of slaughtered cattle         | 6   | 12,000.  |
| Sales of carcasses                  | 4   | 1,000    |
| Cattle food                         |     | 18,000   |
| Wages for rearing                   |     | 4,500    |
| Slaughter house expenses            |     | 500      |

Crop with Rs. 5,000 grown in the farm was used for feeding the cattle.

Out of the calves born, 2 died and their carcasses realised Rs. 100.

5





4. a) What is CCA ? 1
- b) Distinguish between CCA and CPP. 3
- c) A firm purchased a machinery for a sum of Rs. 2 lakhs on January 1, 2012. It has an expected life of 10 years without any scrap value. The price indices for the asset were as follows :
- |                   |     |
|-------------------|-----|
| January 1, 2012   | 100 |
| January 1, 2015   | 160 |
| December 31, 2015 | 175 |
- You are required to value the machinery on January 1, 2015 and December 31, 2015, both according to historical cost accounting system and current cost accounting system, charging depreciation on straight line basis. Also find the amount which needs to be adjusted for appreciation during 2015. 5
5. a) Define human resource accounting. 1
- b) Examine the need for HRA. 3
- c) Explain the Lev and Schwartz method of human resource valuation. 5
6. a) What is 'revenue' in Government accounting ? 1
- b) Distinguish between Government accounting and Commercial accounting. 3
- c) Briefly explain the structure of Government accounting in India. 5

(4×9=36)



## SECTION – B

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

7. a) Strong Ltd. have approached you for a valuation of their shares in the context of their forthcoming share issue. The company was incorporated on 1-4-2011. The following information is extracted from their annual reports for the last 3 years.

| (Rs. Lakhs)                       |      |      |      |
|-----------------------------------|------|------|------|
| Year ended 31 <sup>st</sup> March |      |      |      |
|                                   | 2012 | 2013 | 2014 |
| Gross fixed assets                | 200  | 700  | 750  |
| Accumulated depreciation          | 20   | 80   | 150  |
| Net current assets                | 300  | 600  | 750  |
| Loans                             |      | 500  | 400  |
| Share capital :                   |      |      |      |
| Equity shares of Rs. 10 each      | 400  | 500  | 500  |
| Profit before tax                 | 20   | 60   | 120  |
| Preliminary expenses C/F          | 30   | 20   | 10   |

It is understood that the company has implemented a major project in 2013 which has started yielding results in 2013-14.

Practices of merchant bankers indicate that an average of values based on net assets and on yield, is normally adopted in such cases. The normal industry - expectation of yield is 15%. Tax rate is 40%.

You are required to compute the value of equity share of Strong Ltd., showing workings as necessary.

OR



b) Vishal Shipping Co. Ltd., of Mumbai acquired a new ship at a cost of Rs. 56,00,000. The ship was ready for service on 1<sup>st</sup> January, 2012. An insurance policy was taken out at 2% p.a. on the ship, freight was insured at Rs. 15,000 per annum. During 3 months ended 31<sup>st</sup> March, 2012, the ship completed one round trip to Kolkata and was half way through the second trip (single way) to Kolkata.

The ship carried the following Cargo :

From Mumbai to Kolkata 9000 tons @ Rs. 450 per ton (on first trip)

From Kolkata to Mumbai 10000 tons @ 405 per ton

From Mumbai to Kolkata 12000 tons @ Rs. 375 per ton (on second trip, being in progress on 31<sup>st</sup> March, 2012).

5% commission was paid to agents in addition to 1% address commission.

The expenses were as follows :

|   | Rs.       |
|---|-----------|
| Salaries and wages of crew                                      | 12,00,000 |
| Fuel  | 6,00,000  |
| Sundry stores   | 1,20,000  |
| Port dues (Mumbai Rs. 1,05,000; Kolkata Rs. 75,000)             | 1,80,000  |
| Steve doing @ 30 per ton  | 9,30,000  |
| Share of overheads for the ship for the period                  | 3,75,000  |
| Provide depreciation on the ship for the period at 5% per annum | 3,75,000  |

Prepare the consolidated voyage account for the period of three months ended 31<sup>st</sup> March, 2012



8. a) The balance sheet of A Ltd. as on 1<sup>st</sup> January, 2000 and the income statement for the year ending 31<sup>st</sup> December, 2000 are set out below :

**Balance Sheet as on 1<sup>st</sup> January, 2000**

|                | Rs.           |             | Rs.           |
|----------------|---------------|-------------|---------------|
| Share Capital  | 10,000        | New machine | 15,000        |
| 10% debentures | 6,000         | Stock       | 2,400         |
| Creditors      | 3,600         | Debtors     | 1,200         |
|                |               | Cash        | 1,000         |
|                | <b>19,600</b> |             | <b>19,600</b> |

**Income Statement for the year ending 31<sup>st</sup> December, 2000**

|                                  | Rs.          | Rs.          |  |
|----------------------------------|--------------|--------------|--|
| Sales                            |              | 10,000       |  |
| Cost of goods sold :             |              |              |  |
| Opening stock (FIFO)             | 2,400        |              |  |
| Purchases (net)                  | <u>4,600</u> |              |  |
| Cost of goods available for sale | 7,000        |              |  |
| Less : Closing Stock (FIFO)      | <u>2,000</u> | <u>5,000</u> |  |
| Gross Profit on sales            |              | 5,000        |  |
| Operating expenses               | 800          |              |  |
| Depreciation                     | 1,500        |              |  |
| Interest on debentures           |              |              |  |
| paid on 31-12-2000               | <u>600</u>   | <u>2,900</u> |  |
| Retained earnings                |              | <u>2,100</u> |  |

Debtors and creditors balances remained constant throughout the year.  
General price indices were as given below :

|                                    |     |
|------------------------------------|-----|
| On 1 <sup>st</sup> January, 2000   | 200 |
| Average for the year               | 240 |
| On 31 <sup>st</sup> December, 2000 | 300 |

You are required to prepare the final accounts for the year 1980 after adjusting for price level changes under CPP method.

OR



b) On 1<sup>st</sup> August, 2011 a fire occurred in the premises of ABC Ltd. The company has a loss of profit for Rs. 12,00,000. Sales from 1<sup>st</sup> August, 2010 to 31<sup>st</sup> July, 2011 were Rs. 1 crore, the sales from 1<sup>st</sup> August, 2010 to 30<sup>th</sup> November, 2010 being Rs. 30,00,000. During the indemnity period, which lasted four months, sales amounted to Rs. 4,00,000 only. The company closes its books of account every year on 31<sup>st</sup> March. The profit and loss account for the year ended 31<sup>st</sup> March, 2011 is given below :

**Profit and Loss Account**

|                           | Rs.                |                  | Rs.                |
|---------------------------|--------------------|------------------|--------------------|
| To Opening Stock          | 10,00,000          | By Sales         | 95,00,000          |
| To Purchases              | 60,00,000          | By Closing Stock | 5,00,000           |
| To Manufacturing Expenses | 6,70,000           |                  |                    |
| To Selling Expenses       | 9,05,000           |                  |                    |
| To Fixed Expenses         | 7,25,000           |                  |                    |
| To Net Profit             | 7,00,000           |                  |                    |
|                           | <b>1,00,00,000</b> |                  | <b>1,00,00,000</b> |

As compared with the sales for the first four months of the accounting year 2010-2011, the sales for the first four months of the accounting year 2011-2012 were found to be up by 20%.

Calculate the amount of claim for loss of profit assuming that the policy has 'average clause'.

(2×12=24)



K17P 0636

Reg. No. : .....

Name : .....

**Second Semester M.Com. Degree (Reg./Supple./Imp.)**  
**Examination, March 2017**  
**(2014 Admn. 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** marks for Part (c) :

1. a) What do you mean by net asset value ? 1
- b) Discuss the circumstances warranting valuation of shares. 3
- c) From the following Balance Sheet you are required to value the equity share : 5

|  | Rs.             |                      | Rs.             |
|--|-----------------|----------------------|-----------------|
| 2,000 6% preference shares of Rs. 100 each | 2,00,000        | Assets at book value | 6,00,000        |
| 30,000 equity shares of Rs. 10 each        | 3,00,000        |                      |                 |
| Liabilities                                | 1,00,000        |                      |                 |
|  | <b>6,00,000</b> |                      | <b>6,00,000</b> |

The market value of  $\frac{1}{2}$  of the assets is considered at 10% more than the book value and that of remaining  $\frac{1}{2}$  at 5% less than the book value. There was a liability of Rs. 5,000 which remained unrecorded. Assume preference shares have no priority as to repayment of capital or dividend.

P.T.O.



2. a) What is an accounting standard ? 1
- b) Discuss the importance of Accounting Standards. 3
- c) Examine the merits and demerits of setting Accounting Standards. 5
3. a) What do you mean by address commission ? 1
- b) Write notes on : Bunker cost : Passage money : Primage. 3
- c) Following details are furnished by a shipping company in connection with voyage No. 45 which was commenced from Port A on 1<sup>st</sup> February, 2015. The ship arrived at port D on 31<sup>st</sup> March, 2015 when the voyage was completed. 5

2,000 tons and 500 tons were loaded at port A for port D and C respectively. Another 300 tons were loaded at C for D.

The freight charges were :

A to D Rs. 100 per ton ;

A to C Rs. 80 per ton ;

C to D Rs. 50 per ton.

The freight is subject to 10% primage, 5% address commission and 3% brokerage. The freight was insured at 1/2%. The Hull was insured for the voyage @ 1%. Depreciation is provided @ 5% p.a. Cost of the ship is Rs. 12 lakhs. The expenses at different ports were as under :

|                           | A      | B     | C     | D     |
|---------------------------|--------|-------|-------|-------|
| <b>Port changes (Rs.)</b> | 5,000  | 1,000 | 3,000 | 3,000 |
| <b>Coal</b>               | 18,000 | —     | 4,000 | —     |
| <b>Captains' expenses</b> | 1,200  | 800   | 600   | 900   |
| <b>Harbour wages</b>      | 4,000  | —     | 3,000 | 2,500 |



Stores purchased at commencement amounted to Rs. 8,000. Opening stock of stores was Rs. 5,000 and closing stock is estimated at Rs. 2,000. Stock of coal at close is estimated at Rs. 4,500 as against stock of Rs. 1,500 at the beginning. Salaries and wages of Sailors etc. amount to Rs. 12,000 per month. Prepare Voyage Account for the period ending 31<sup>st</sup> March, 2015.

4. a) Define accounting for price level changes. 1
- b) Examine the need for inflation accounting. 3
- c) A firm purchased a machinery for Rs. 2 lakhs on 1-1-2012. It has an expected life of 10 years without any scrap value. The price indices for the asset were as follows : 1-1-2012 – 100, 1-1-2015 – 160, 31-12-2015 – 175. 5
- You are required to value the machinery on 1-1-2015 and 31-12-2015 both according to Historical Cost Accounting and Current Cost Accounting System, charging depreciation on straight line basis. Also find the amount which needs to be adjusted for appreciation during 2015.
5. a) What do you mean by Human Resource Accounting ? 1
- b) State the objections against HRA. 3
- c) Briefly describe any three valuation methods of HRA. 5
6. a) What is consolidation fund ? 1
- b) Explain the role of treasuries in Government Accounting. 3
- c) Explain the compilation of Government Accounts. 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) On 1<sup>st</sup> April, 2010 Anand held 20,000 fully paid equity shares of Rs. 10 each in P. Ltd. appearing in Anand's books at Rs. 3,05,500. On 1<sup>st</sup> June, 2010 he acquired 5,000 more equity shares in the company at an all inclusive cost of Rs. 17 per share.

On 30<sup>th</sup> June, 2010 P. Ltd. announced a bonus issue at the rate of one fully paid equity share of Rs. 10 for every five shares held. Anand received the bonus shares on 4<sup>th</sup> August, 2010.

P. Ltd. also made a rights issue : the terms being as follows :

- i) The issue would entitle the shareholders to subscribe to one equity share of Rs. 10 in the company for every three shares held as on 9<sup>th</sup> August, 2010 ; the new shares would be issued at a premium of Rs. 5 per share, the whole amount being payable by 30<sup>th</sup> September, 2010.
- ii) The shareholders would be entitled to renounce their entitlement either wholly or in part to outsiders.



Anand exercised his option under the issue for 50% of his entitlements and sold the balance of his rights to another person @ Rs. 1.50 per share. P. Ltd. declared a dividend at the rate of 20% for the year ended 31<sup>st</sup> March, 2010. Anand received the dividend on 3<sup>rd</sup> October 2010. On 1<sup>st</sup> December, 2010 Anand sold 15,000 equity shares and received a net sum of Rs. 2,62,500. Prepare Investment Account in Anand's Ledger for the year ended 31<sup>st</sup> March, 2011. Use Average Cost Method.

8. a) Adjust the following statement of Profit and Loss and Balance Sheet under the 'Current Purchasing Power' (or CPP) method to ascertain the changes in Net Profit and Reserve.

**Statement of Profit and Loss (for the year ended 31<sup>st</sup> December, 2015)**

|                          | Rs.        | Rs.        |
|--------------------------|------------|------------|
| Sales                    |            | 500        |
| Opening stock            | 80         |            |
| Purchases                | <u>420</u> |            |
|                          | 500        |            |
| Less : Closing stock     | <u>70</u>  | <u>430</u> |
| Gross profit             |            | 70         |
| Depreciation (buildings) | 5          |            |
| Administration           | <u>25</u>  | <u>30</u>  |
| Net profit               |            | <u>40</u>  |

**Balance Sheet as at 31<sup>st</sup> December, 2015**

|               |       |            |
|---------------|-------|------------|
| Share capital |       | 200        |
| Reserve       |       | <u>200</u> |
|               | Total | <u>400</u> |
| Land          |       | 140        |



|                     |           |            |
|---------------------|-----------|------------|
| Building            | 200       |            |
| Less : Depreciation | <u>45</u> | 155        |
| Stock               | 70        |            |
| Debtors             | 40        |            |
| Cash                | <u>30</u> |            |
|                     | 140       |            |
| Less : Creditors    | <u>35</u> |            |
|                     |           | <u>105</u> |
|                     |           | <u>400</u> |

Following data are given :

- i) Closing stock was acquired during last quarter of 2015 and opening stock during the last quarter of 2014.
- ii) The land and buildings were acquired and the capital issued during 1992. The buildings are depreciated straight line over 40 years.
- iii) The relevant retail price indices are :
  - a) 2005 average 60
  - b) 2014 last quarter average 108
  - c) 2014 December 31<sup>st</sup> 110
  - d) 2015 last quarter average 116
  - e) 2015 average 114
  - f) 2015 December 31<sup>st</sup> 118
- iv) Sales, purchases and administration expenses are assumed to occur evenly over the year and hence at average prices.

OR



- b) Cee Ltd., which operates a wholesale warehouse, had a fire on premises on 30<sup>th</sup> April, 2011, which destroyed most of the building, although stock to the value of Rs. 3,960 was salvaged. The company has an insurance policy (with suitable average clauses) covering stock, for Rs. 6,00,000, building for Rs. 8,00,000 and loss of profits including standing charges for Rs. 2,50,000 with a six month period of indemnity.

The company's last Profit and Loss Account, for the year ended 31<sup>st</sup> March, 2011, showed the following position :

| Dr.                         | Rs.              |             | Rs.              | Cr. |
|-----------------------------|------------------|-------------|------------------|-----|
| To Opening stock            | 4,12,500         | By Sales    | 20,00,000        |     |
| To Purchases                | 18,12,500        | By Stock    | 5,25,000         |     |
| To Insured standing charges | 1,67,500         | By Interest | 5,000            |     |
| To Other expenses           | 80,000           |             |                  |     |
| To Net profit for the year  | 57,500           |             |                  |     |
|                             | <b>25,30,000</b> |             | <b>25,30,000</b> |     |

The company's records show that the sales for April, 2011 had been the same as for the corresponding month in the previous year at Rs. 1,00,000, payments made to trade creditors in April were Rs. 1,06,680 and at the end of that month the balances owing to trade creditors had increased by Rs. 3,320. The company's business was disrupted until the end of July, during which period turnover fell by Rs. 1,80,000 compared with the same period in the previous year. It was agreed that three quarters of the value of the building had been lost and that at the time of the fire, it had been worth Rs. 10,00,000.

Ascertain the amount of various claims to be lodged with insurers.

(2x12=24)



K16P 0451

Reg. No. : .....

Name : .....

**Second Semester M.Com. Degree (Regular/Supplementary/Improvement)**

**Examination, March 2016**

**(2014 Admn. Onwards)**

**COMMERCE**

**COM2C09 : Advanced Business Accounting**

Time : 3 Hours

Max. Marks : 60

**SECTION – A**

Answer **any 4** questions. **Each** question carries **1** mark for Part **a**, **3** marks for Part **b**, **5** marks for Part **c**.

- I. a) What is average clause ?  
b) What are the losses covered under consequential loss policy ?  
c) Find the amount of claim

|  | ₹      |
|--|--------|
| Increased cost of working                      | 3,400  |
| Percentage of gross profit (10%) standard sale | 50,000 |
| Actual sale                                    | 30,000 |

- II. a) Define inflation accounting.  
b) What are its distinctive features ?  
c) From the following data calculate the cost of sale adjustment.

|  | ₹        |
|--|----------|
| Opening stock at historical cost         | 5,00,000 |
| Closing stock at historical cost         | 8,40,000 |
| Price index at the beginning of the year | 100      |
| Price index at the close of the year     | 120      |
| Average price index for the year         | 110      |

P.T.O.



- III. a) What do you mean by valuation of shares ?  
 b) State the need for valuation of share.  
 c) Your client intends to invest not more than ₹ 15,000 in equity shares of midlight Ltd. and wants you to advise him the maximum number of share he can expect to acquire with the said amount on the basis of the following information available to him

|                                     | ₹               |
|-------------------------------------|-----------------|
| 6% preference shares of Rs. 10 each | 5,00,000        |
| Equity shares of ₹ 10 each          | 3,00,000        |
|                                     | <b>8,00,000</b> |

Average net profit of the business ₹ 57,000. Expected normal yield is 7% in case of such equity shares.

Total tangible assets (other than good will) are ₹ 9,49,000 and total liabilities are ₹ 95,000. Good will is to calculate at 5 years purchase of the super profit. Show your working.

- IV. a) Define Human Resource Accounting.  
 b) State the important requirements of human resource accounting.  
 c) Explain the objectives of HRA.
- V. a) State the reason for uniform accounting standards.  
 b) Write note about international accounting standard committee.  
 c) State the objectives of IASCA.
- VI. a) Define government accounting.  
 b) Write a note on the consolidated fund of India.  
 c) Explain the objectives of government accounts. **(4×9=36 Marks)**



## SECTION – B

Answer **any two** questions. **Each** carries **12** marks.

VII. Explain the procedure for issuing an accounting standard.

OR

On July 1, 2012 Kerala investment Ltd. held ₹ 1,00,000 6% debentures of chartered Bank Ltd. Which appeared in the books at ₹ 96,500. Interest is payable on July 31 and January 31. On October 1<sup>st</sup>, 2012 a further ₹ 50,000 debentures on chartered bank Ltd. were brought at ₹ 98 cum interest and on January 1<sup>st</sup> 2013 further ₹ 30,000 debentures were brought at ₹ 97 ex-interest. On March 31<sup>st</sup> 2013 ₹ 80,000 debentures were sold at ₹ 101 cum interest and on June 1<sup>st</sup>, ₹ 60,000 debentures were sold at ₹ 102 ex-interest. Show the investment account for the period ending on June 30<sup>th</sup> 2013.

VIII. Explain the current cost accounting method of price level changes.

OR

From the following information supplied by the Nandini farm Ltd. prepare the cattle account.

|                                    | No. | Value ₹  |
|------------------------------------|-----|----------|
| Opening stock of live stock        | 100 | 2,00,000 |
| Closing stock of live stock        | 118 | 2,42,000 |
| Opening stock of cattle food       |     | 4,000    |
| Closing stock of cattle food       |     | 5,000    |
| Purchase of cattle during the year | 180 | 3,70,000 |
| Sale of cattle during the year     | 175 | 4,38,000 |
| Sale of carcasses                  | 5   | 1,000    |
| Purchase of cattle food            |     | 40,000   |
| Wage for rearing cattle            |     | 10,000   |

Crop work ₹ 11,100 growth is the farm was used feeding the cattle. Out of the calve born 4 died and their carcasses realised ₹ 100.

**(2×12=24 Marks)**



M 27269

Reg. No. : .....

Name : .....

**II Semester M.A./M.Sc./M.Com. Degree (Reg./Supple./Imp.) Examination,  
March 2015  
COMMERCE (2014 Admn. Onwards)  
COM 2C09 : Advanced Business Accounting**

Time : 3 Hours

Max. Marks : 60

**SECTION – A**

Answer **any 4** questions in this Section. **Each** question carries **1** mark for Part **A**, **3** marks for Part **B** and **5** marks for Part **C**.

- I. a) What do you mean by fair value of a share ?  
b) State the need for valuation of shares.  
c) A company has net assets of ₹ 1,00,000 before payment to the shareholder. The share capital consist of 5000 equity shares of 10 each and 2000 preference shares of ₹ 10 each. The preference shares are entitled to share 25% of the surplus assets remaining after payment to the equity shareholder. Calculate the value of a preference share.
- II. a) What do you mean by General Purpose Financial Statement ?  
b) State the procedure for issuing an Accounting Standard.  
c) State the significance of Accounting Standards.
- III. a) What is investment account ?  
b) State the objectives of maintaining investment ledger.  
c) On 31-3-2013, X Ltd. purchased ₹ 1,00,000 8% Govt. stock (face value ₹ 100) at ₹ 95 each ex. interest. Interest payable on 30<sup>th</sup> June and 31<sup>st</sup> December each year. Show entries in the investment ledger of X Ltd. for the period ending 31-12-2013, ignoring income tax and brokerage.
- IV. a) What is Current Cost Accounting (CCA) ?  
b) Explain the different classification under CCA.

What are the adjustments to be made for calculating current operating profit ?





- V. a) Define government accounting.  
 b) Write a note on the consolidated fund of India.  
 c) Explain the features of government accounting in India.
- VI. a) Define Human Resource Accounting.  
 b) State the limitations of conventional accounting in relation to human resource.  
 c) Explain the objective of Human Resource Accounting.

### SECTION – B

Answer **all** questions. **Each** carries **12** marks.

- VII. a) A fire occurred on 15<sup>th</sup> September 2014 in the premises of X Co. Ltd. From the following figure, calculate the amount of claim to be lodged with the insurance company for loss of stock.

|   |           |
|---|-----------|
| Stock at cost on 1 <sup>st</sup> Jan. 2013                              | 2,00,000  |
| Stock at cost on 1 <sup>st</sup> Jan. 2014                              | 3,00,000  |
| Purchase 2013   | 4,00,000  |
| Purchase from 1 <sup>st</sup> Jan., 2014 to 15 <sup>th</sup> Sept. 2014 | 8,80,000  |
| Sale 2013   | 6,00,000  |
| Sale from 1 <sup>st</sup> Jan. 2014 to 15 <sup>th</sup> Sept. 2014      | 10,50,000 |

During the current year cost of purchase have risen by 10 % above last year level selling prices have gone up by 5%.

Salvage value of stock after fire was ₹ 20,000.

OR

- b) S.S. Raja commenced a voyage on 1<sup>st</sup> March 2013 from Kolkotta to Kandla. The details for the entire voyage (including back trip) were as follows :

|                          |          |
|--------------------------|----------|
| Port charges             | 40,000   |
| Coal and Stores consumed | 1,00,000 |
| Wages and Salaries       | 60,000   |
| Sundry expenses          | 12,000   |
| Depreciation             | 60,000   |
| Insurance of the ship    | 30,000   |
| Insurance of the freight | 20,000   |
| Freight                  | 5,00,000 |

Primage 10%. Address commission 6%.

Freight relating to return journey amounted to ₹ 2,00,000 only. On 30<sup>th</sup> June 2013 on which date the account were closed the ship was on its half way



VIII. a) From the following particulars, compute the monetary working capital adjustment. Historical cost balances.

|                       | <b>At the beginning<br/>of the year</b> | <b>At the end<br/>of the year</b> |
|-----------------------|---|-----------------------------------|
|                       | ₹                                       | ₹                                 |
| Trade Debtors         | 30,000                                  | 1,20,000                          |
| Trade Creditors       | 52,500                                  | 75,000                            |
| Index number          | For finished goods                      | Raw materials                     |
| Beginning of the year | 100                                     | 105                               |
| Average of the year   | 110                                     | 115                               |
| End of the year       | 120                                     | 125                               |

OR

b) What is the objective of setting up of International Accounting Standards Committee ? Enumerate the important matters regarding which the committee has laid down Standards. (2×12=24)

---