MCOSC-1.1A/C

Sl. No.

I Semester M.Com. Degree Examination, May/June - 2026
COMMERCE
Advanced Financial Accounting
(CBCS SLM Semester Scheme)
Course - IV

Time : 3 Hours **Maximum Marks : 80**

SECTION - A

Answer any Four questions. Each question carries 5 marks. (4×5=20)

1. State the provisions of the companies act regarding the preparation of the profit and loss account of a company.
2. Discuss the different types of Amalgamation.
3. Distinguish between voluntary liquidation and compulsory (court-ordered) liquidation of companies.
4. Discuss the accounting procedure for bonus shares.
5. Explain the yield method of share valuation.
6. Write a note on firm underwriting.

SECTION - B

Answer any Three questions. Each question carries 10 marks. (3×10=30)

7. Discuss the statutory provisions for calculating managerial remuneration under the companies Act with numerical examples.
8. Explain the factors affecting the valuation of goodwill and explain the various methods of valuation.
9. Discuss the legal provisions and accounting procedures for carrying out internal reconstruction of a company.
10. The Balance Sheet of Raman Ltd. is given below at the time of liquidation:

Liabilities	**Amount (Rs.)**	**Assets**	**Amount (Rs.)**
Share capital:40,000 equity Shares of Rs.10 each fully Paid	4,00,000	Plant and Machinery	3,00,000
12% Preference Shares of Rs.100 each fully paid	2,00,000	Building	3,50,000
Debentures (Secured by a floating charge)	1,50,000	Stock	1,20,000
Creditors	1,30,000	Debtors	80,000
Outstanding Expenses	20,000	Cash	50,000
Total	**9,00,000**	**Total**	**9,00,000**

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Realization of Assets : Plant and Machinery Rs.2,40,000: Building Rs.2,20,000: Stock Rs.1,00,000: Debtors Rs.70,000: Liquidator's remuneration is 3% on the amount realized from assets except cash in hand. Liquidation expenses were Rs.20,000.

You are required to prepare the Liquidator's Final Statement of Account showing distribution among stakeholders.

11. A firm has two departments, X and Y. The following particulars are available for the year ended 31st March 2025:

Particulars	**Dept. X (Rs.)**	**Dept. Y (Rs.)**
Opening Stock	60,000	40,000
Purchases	3,40,000	2,60,000
Sales	6,00,000	4,80,000
Closing Stock	90,000	60,000

Additional Information:

- Wages: Rs.1,20,000 (Dept. X Rs.70,000, Dept. Y Rs.50,000)
- Salaries: Rs.1,00,000 to be apportioned equally.
- Rent: Rs.80,000 to be apportioned in the ratio of floor area (Dept. X:3,000 sq. ft., Dept. Y : 2,000 sq. ft.)
- Advertisement: Rs.60,000 to be apportioned in the ratio of sales.
- Depreciation on machinery : Rs.40,000 to be apportioned in the ratio of purchases.
- Goods worth Rs.40,000 were transferred from Dept. X to Dept. Y at cost plus 25%.
- A customer of Dept. Y returned goods worth Rs.10,000 (sales value).

Prepare the Departmental Trading and Profit and Loss Account for the year ended 31st March 2025.

SECTION - C

Answer any Two questions. Each question carries 15 marks. (2×15=30)

12. Explain the methods of calculating purchase consideration and the accounting treatment in the books of both the transferor and the transferee companies.

13. Briefly explain the different methods of calculating underwriter's liability.

14. The following balances have been extracted from the books of Aditya Ltd. as on 31st March 2025:

Particulars	**Rs.**	**Particulars**	**Rs.**
Profit and Loss A/c (Dr) as on 1/4/2024	2,00,000	Preliminary expenses	10,000
		Furniture and fixtures	20,000
Plant and Machinery	1,00,000	Sales	20,00,000
Motor car	15,000	Opening stock of finished goods	3,00,000
Miscellaneous receipts	1,20,000	Closing stock of raw material	5,00,000
Consumption of raw material	9,00,000	Securities premium	3,60,000

Bank overdraft	1,00,000	Unsecured loan	3,00,000
Share capital	6,00,000	Salaries and wages	2,00,000
Sundry debtors(including Rs. 1,00,000 over six months)	7,00,000	Selling and distribution expenses	1,50,000
Office administration expenses.	4,00,000	Advance payment of	
Sundry creditors	4,15,000	Income tax	3,00,000
Miscellaneous advances	40,000		
Interim dividend	60,000		

The following further information is given:

i) Closing stock of finished goods at cost is Rs.6,00,000

ii) The original cost of fixed assets was: Plant and Machinery Rs.2,00,000, Furniture and Fixtures Rs.30,000 and Motor car Rs.25,000
Depreciation is to be charged on the WDV @ 10% on plant and machinery and furniture and fixtures and 20% on motor car. There were no additions or disposal during the year.

iii) The unsecured loan was taken on 1/1/2022 @ 18% interest p.a. interest payable half yearly and necessary provisions are made in accounts.

iv) Office administration expenses include auditors' fees Rs.5,000 and directors fees Rs.3,000.

v) Provisions for taxation Rs.3,50,000

vi) The directors have proposed a final dividend of Rs.3 on each equity share in addition to the interim dividend already declared.

vii) Transfer to General Reserve Rs.30,000

You are required to prepare Profit and Loss Account and Balance sheet as on 31st March 2025.

15. The Balance Sheet of AB Ltd. as on 31st March 2024 is given below:

Liabilities	**Amount (Rs.)**	**Assets**	**Amount (Rs.)**
Share capital : 60,000 equity Shares of Rs.10 each	6,00,000	Fixed Assets	8,00,000
General Reserve	1,00,000	Investments	1,00,000
Profit & Loss A/c	1,20,000	Current Assets	3,00,000
12% Debentures	3,00,000	Preliminary Expenses	20,000
Creditors	1,00,000		
Total	**12,20,000**	**Total**	**12,20,000**

Additional Information:

- Profits after tax for the last 3 years are Rs.2,50,000, Rs.3,00,000, Rs.2,70,000
- Normal rate of return is 12%
- Transfer to General Reserve is at 10% of profits each year.
- Average capital employed is Rs.10,00,000
- Goodwill is to be valued at 3 years purchase of super profits.
- Investments yield 10% return.

You are required to compute the value of equity share under:

a) Net Assets Method
b) Yield method
c) Earning capacity method
