MCOSC-1.1A/C

Sl. No.

I Semester M.Com. Degree Examination, October/November - 2025

COMMERCE

Advanced Financial Accounting (Course - IV)

(CBCS SLM Semester Scheme)

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

SECTION - A

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

1. Write the provisions relating to managerial remuneration to managers of a company.

2. What are the forms of internal reconstruction? Explain in brief.

3. Distinguish between amalgamation in the nature of merger and nature of purchase.

4. What are the circumstances that require for valuation of shares?

5. What are the methods of pricing of goods sent to branch? Give examples.

6. What are the different modes of winding up of a company?

SECTION - B

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

7. Explain the provisions of companies Act, 2013 relating to preparation of financial statements of the company.

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8. Explain the concept and legal provisions relating to internal reconstruction.

9. A company went into liquidation on 31-3-2024 when the following Balance Sheet was prepared. Prepare liquidator's final account by taking his remuneration at 2.5% on the amount realized and 2% on the amount paid to unsecured creditors.

The assets realized by liquidator are as follows: Fixed assets Rs. 1,72,000 (including Rs. 70,000 on freehold property); Current assets Rs. 1,95,000 and Cash Rs. 5,000. Liquidation expenses amounted to Rs. 2,000.

Balance Sheet

Liabilities	**Rs.**	**Assets**	**Rs.**
Share Capital (Rs. 10 each)	3,90,000	Goodwill and Patents	1,48,400
Preferential Creditors	48,400	Fixed Assets (including	
Partly secured creditors (on		freehold property)	2,27,000
freehold property)	1,59,020	Current Assets	2,43,240
Unsecured Creditors	2,23,580	Cash	5,000
		Profit and Loss A/c	1,97,360
	8,21,000		**8,21,000**

10. Explain different methods for valuation of underwriter's liability.

11. BPO Company has a Branch at Pune. Goods are invoiced to the Branch at 20% profit on Invoiced Price. Branch has been instructed to send cash daily to the Head Office. All expenses of the Branch are paid by the Head Office except Petty expenses which are met by the Branch Manager. From the following particulars prepare Branch Account and Memorandum Branch Debtors Account in the books of the Head Office. The details of transactions for year ended 31st December, 2024 were as under:

Liabilities		**Rs.**
Stock on 1st Jan. 2024 (Invoice Price)		84,000
Sundry Debtors - 1st Jan. 2024		36,000
Cash in hand - 1st Jan. 2024		1,600
Furniture - 1st Jan. 2024		8,000
Goods invoiced to Branch (Invoice Price)		3,20,000
Goods returned to H.O. (Invoice Price)		4,800
Goods returned by Debtors		1,24,000
Cash Sales		2,00,000
Credit Sales		1,28,000
Discount allowed to Debtors		2,400
Expenses paid by H.O.		
Rent	4,800	
Salary	9,600	
Stationery	16,000	30,400
Petty expenses paid by Branch Manager		1,200

Depreciation is to be provided on Furniture at 10% p.a. Stock on 31st December 2024 at Invoice price Rs. 60,000. Prepare Pune Branch A/c.

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SECTION - C

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

12. The Trial Balance of Z Ltd. Having authorized capital of Rs. 10,00,000 as at 31st March, 2025 was as under:

Particulars	**Dr. (Rs.)**	**Cr. (Rs.)**
Share Capital (Share of Rs. 10 each fully paid)	--	5,00,000
Securities Premium Account	--	50,000
Land and Building (Cost Rs. 3,00,000)	2,50,000	--
Plant and Machinery (Cost Rs. 4,00,000)	3,00,000	--
Live Stock	20,000	--
Gross Profit earned during the year	--	1,80,000
General Reserve	--	1,80,000
6% Debentures (issued on 1st April 2024 secured by mortgage on Land and redeemable on 31-3-2025)	--	1,00,000
Sundry Debtors and Creditors	60,000	20,000
Stock as at 31-3-2025 (At cost or market value whichever is lower)	50,000	--
Salaries	20,000	--
Directors Fees	9,000	--
General Expenses	15,000	--
Cash at Bank	32,000	--
Bills Receivable	20,000	--
Discount on Issue of Debentures	4,000	--

Profit and Loss brought forward	--	10,000
Investment (4% Government Securities, face value of Rs. 1,00,000 purchases on 1-4-2024)	95,000	--
Investments in Equity Shares (10,000 shares of Rs. 25/- each Rs. 20/- paid up)	1,50,000	--
Advance Income Tax	15,000	--
	10,40,000	**10,40,000**

Additional Information:

a) Of the debtors Rs. 20,000 were outstanding for more than six months are considered good except doubtful debt of Rs. 5,000.

b) A provision is to be made for Income Tax for Rs. 10,000.

c) The Market Value of Government Securities on the date of Balance Sheet was Rs. 1,10,000 and that of equity shares was Rs. 1,70,000.

d) Auditor's fees Rs. 5,000 should be provided for.

e) General Expenses includes Insurance Rs. 2,000 paid for the year ended on 30th September, 2024.

f) Interest on debentures issued and on investment in Government Securities should be taken into account.

g) Depreciation is to be provided for 5% on the original cost of Machinery and 3% on the original cost of land and building.

h) Provide for dividend of 8% on shares.

Prepare Profit and Loss Statement for the year ended 31-3-2025 and the Balance Sheet of Z Ltd., as on that date.

13. Balance Sheet of X Ltd as on 31st December, 2024 is as follows:

Liabilities		**Rs.**	**Assets**	**Rs.**
Share Capital:			***Fixed Assets:***	
Equity Share of Rs. 10 each			Machinery	2,30,000
(-) Calls in arrears Rs. 2 on	5,00,000		Factory Shed	3,00,000
final call	10,000	4,90,000	Vehicles	60,000
8% Preference Shares of			Furniture	25,000
10 each fully paid		2,00,000	Investments	1,00,000
Reserves and Surplus:			***Current Assets:***	
General Reserves		1,50,000	Inventory	2,10,000
Profit and Loss Account		1,40,000	Trade Receivables	3,50,000
Current Liabilities:			Cash at Bank	75,000
Trade Payables		2,70,000		
Bank Loan		1,00,000		
		13,50,000		**13,50,000**

a) Fixed Assets are worth 20% above their book values, depreciation on appreciated potion of fixed assets is to be ignored for valuation of goodwill.

b) Of the investment, 80% is non-trading. All trade investments are to be valued at 20% below cost.

The uniform rate of dividend of 10% is earned on all investments.

c) For the purpose of valuation of shares, goodwill is to be considered on the basis of 6 year's purchase of super profits based on average profit of last years.

d) Profit after tax @ 50% are as follows:

2024	Rs. 2,50,000
2023	Rs. 2,00,000
2022	Rs. 1,90,000

e) In a similar business, return on capital employed is 20%.

f) In 2021, a new furniture costing Rs. 10,000 was purchased but wrongly charged to revenue, No effect has been given for rectifying the same. Depreciation has been charged on furniture @ 10% p.a. on diminishing balance method.

Compute the valuation of shares under

i) Net Asset Method

ii) Yield Method

iii) Fair Value Method

14. Explain different methods of valuation of goodwill with suitable examples.

15. Elucidate the provisions of companies act and SEBI regulations on Bonus Issue.
