



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 31st December, 2021, find the value of shares by intrinsic value method.

Balance Sheet

Liabilities	Amount	Assets	Amount
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
	12,08,000		12,08,000

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



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 31st March, 2021 to 30th 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 31st March and 30th 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 1,00,000, 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 1,00,000, 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
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During the year 2013-14, wholesale index has gone up by 20%. On 31st 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 31st March, 2014 under the following approaches :

- a) Historical Cost Accounting
- b) Current Purchasing Power Accounting
- c) Current Cost Accounting.

(2×12=24)