



K21P 0807

Reg. No. :

Name :



**II Semester M.Com. Degree (CBSS – 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 31st December 2011 :

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



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 31st December 2007, prepared on the basis of conventional accounting. You are required to adjust the same for price level changes under CPP method.

		Rs.
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 31st 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 31st March 2012.

(2×12=24)