**PSG COLLEGE OF ARTS & SCIENCE**
(AUTONOMOUS)

**MCom (CS) DEGREE EXAMINATION DECEMBER 2025**
(Third Semester)

Branch – **CORPORATE SECRETARYSHIP**

**ADVANCED CORPORATE ACCOUNTING - II**

Time: Three Hours                                                                 Maximum: 75 Marks

**SECTION-A (10 Marks)**
Answer **ALL** questions
**ALL** questions carry **EQUAL** marks                    (10 × 1 = 10)

| Module No. | Question No. | Question | K Level | CO |
|---|---|---|---|---|
| 1 | 1 | Accounting Standards for non-corporate entities in India are issued by ________<br>(a) Central Govt. (b)State Govt.<br>(c) Institute of Chartered Accountants of India. (d) Both a & b | K1 | CO1 |
| | 2 | As-2 is on _______<br>(a) Disclosures of Accounting policies (b) Valuation of inventories<br>(c) Revenue recognization (d) Depreciation Accounting | K1 | CO1 |
| 2 | 3 | Provision for provident funds is shown in the balance sheet of a company under the head ________.<br>(a) Reserves and surplus (b) Non-current liabilities<br>(c) Provision (d) Contingent liabilities | K1 | CO2 |
| | 4 | Debit balance of profit and loss statement will be shown on _____.<br>(a) Assets side of balance sheet (b) Liabilities side of balance sheet<br>(c) Under the head reserve and surplus<br>(d) Under the head reserves and surplus as a negative item | K2 | CO2 |
| 3 | 5 | How is minority interest reported in the financial statements?......<br>(a) As a liability (b) As part of equity<br>(c) As an expense (d) As a contra asset | K1 | CO3 |
| | 6 | Why is it important to disclose unrealized profit?....<br>(a) To attract investors<br>(b) To comply with legal requirements<br>(c) To provide a true and fair view of the financial position<br>(d) To reduce income tax liability | K1 | CO3 |
| 4 | 7 | The formula for calculating goodwill under the simple average profit method is ________.<br>(a) Goodwill = Super profit * Annuity factor<br>(b) Goodwill = Super profit * No. of years purchase<br>(c) Goodwill = Average profit * No. of years purchase<br>(d) Goodwill = Weighted average profit * No. of years purchase | K1 | CO4 |
| | 8 | Which of the following is not essential to calculate the yield value per share?<br>(a) Super profit (b) Paid-up value<br>(c)Normal return rate (d) Expected return rate | K1 | CO4 |
| 5 | 9 | Which of the following options is not recorded in the Balance sheet?<br>(a) Cash (b) Rent expenses (c) Building (d) Goodwill | K1 | CO5 |
| | 10 | The term EVA used for ______<br>(a) Extra value Analysis (b) Economic Value Added<br>(c) Expected Value Analysis (d) Earning value Analysis | K1 | CO5 |

**SECTION - B (35 Marks)**
Answer **ALL** questions
**ALL** questions carry **EQUAL** Marks                    (5 × 7 = 35)

| Module No. | Question No. | Question | K Level | CO |
|---|---|---|---|---|
| 1 | 11.a. | Show would you deal with the following in the context of AS-I, Disclosure of Accounting Policies.?<br>(a) Method of computation of travelling allowance to employees is changed during the current year, resulting in an addition of Rs.3000 to the expenses.<br>(b) Method of valuation of Fixed assets is changed during the year to reflect market values, their by resulting in additional depreciation of Rs.8 lakhs per annum and credit to Revaluation Reserve of Rs. 20 Lakhs.<br>(c) Provision for "after sales service" is discontinued, resulting in an annual saving of Rs. 80 Lakhs | K1 | CO1 |
| | | (OR) | | |

**Cont...**

<table>
<tr><td>1</td><td>11.b.</td><td>A software company purchased 1000 computers at a total cost of Rs.2,00,00,000 and depreciated them at 15 p.a for two years . At the end of 2nd year it is estimated that they should be discarded after another 2 years due to obsolescence. How do you deal with the matter as per A-6, "Depreciation Accounting".</td><td>K1</td><td>CO1</td></tr>
<tr><td rowspan="3">2</td><td>12.a.</td><td>Lable the format of statement of Profit and loss as per Revised Schedule III.</td><td rowspan="3">K1</td><td rowspan="3">CO2</td></tr>
<tr><td colspan="2">(OR)</td></tr>
<tr><td>12.b.</td><td>List and explain briefly the sources of dividend.</td></tr>
<tr><td rowspan="3">3</td><td>13.a.</td><td>From the following summarized balance sheet of H Ld., and S Lt., as on 31.12.2014, prepare consolidated balance sheet of the two companies.
<table>
<tr><th>Liabilities</th><th>H Ltd (Rs.)</th><th>S Ltd., (Rs.)</th><th>Assets</th><th>H Ltd (Rs.)</th><th>S Ltd (Rs.)</th></tr>
<tr><td>Share Capital: Share of Rs. 10 each fully paid</td><td>25,00,000</td><td>12,50,000</td><td>Fixed assets</td><td>18,10,000</td><td>15,75,000</td></tr>
<tr><td>Reserves</td><td>7,50,000</td><td>5,00,000</td><td>Investments (110000 shares in S Ltd.,)</td><td>11,00,000</td><td>-</td></tr>
<tr><td>Creditors</td><td>2,25,000</td><td>2,00,000</td><td>Current Assets</td><td>5,65,000</td><td>3,75,000</td></tr>
<tr><td></td><td>34,75,000</td><td>19,50,000</td><td></td><td>34,75,000</td><td>19,50,000</td></tr>
</table></td><td rowspan="3">K3</td><td rowspan="3">CO3</td></tr>
<tr><td colspan="2">(OR)</td></tr>
<tr><td>13.b.</td><td>On 31st March 2016 the balance sheet of H Ltd and S Ltd., stood as follows.
<table>
<tr><th>Liabilities</th><th>H Ltd (Rs.)</th><th>S Ltd., (Rs.)</th><th>Assets</th><th>H Ltd (Rs.).</th><th>S Ltd (Rs.).</th></tr>
<tr><td>Share Capital: Share of Rs. 10 each fully paid</td><td>5,00,000</td><td>2,00,000</td><td>Sundry Assets</td><td>5,17,600</td><td>3,04,000</td></tr>
<tr><td>Reserves</td><td>1,00,000</td><td>50,000</td><td>60% shares in S Ltd., acquired on 31st March, 2016</td><td>1,62,400</td><td>----</td></tr>
<tr><td>Creditors</td><td>80,000</td><td>60,000</td><td>Preliminary expenses</td><td>-----</td><td>6,000</td></tr>
<tr><td></td><td>6,80,000</td><td>3,10,000</td><td></td><td>6,80,000</td><td>3,10,000</td></tr>
</table>
Prepare the consolidated Balance Sheet as at 31st March 2016.</td></tr>
<tr><td rowspan="3">4</td><td>14.a.</td><td>Compute the yield value of the equity share on the basis of dividend yield from the information given below:
<table>
<tr><td></td><td></td><td>Rs.</td></tr>
<tr><td>Average profit after tax</td><td>:</td><td>17,000</td></tr>
<tr><td>Preference Share Dividend</td><td>:</td><td>5,400</td></tr>
<tr><td>Transfer to general reserve</td><td>:</td><td>10%</td></tr>
<tr><td>9,000 Equity shares of Rs. 10 each fully paid</td><td>:</td><td>90,000</td></tr>
<tr><td>Normal rate of dividend</td><td>:</td><td>9%</td></tr>
</table></td><td rowspan="3">K3</td><td rowspan="3">CO4</td></tr>
<tr><td colspan="2">(OR)</td></tr>
<tr><td>14.b.</td><td>From the following information calculate the value of goodwill on the basis of three years purchase of the super profit:<br>(i) Average capital employed in the business Rs.7,00,000<br>(ii) Net trading profit of the firm for the past three years Rs 1,07,600; Rs. 90,700 and Rs. 1,12,500.<br>(iii) Rate of interest expected from capital having regard to the risk involved 12%.<br>(iv) Fair remuneration to the partner for their services Rs.12,000 per annum.<br>(v) Sundry assets of the firm Rs. 7,54,762<br>(vi) Sundry liabilities of the firm Rs. 31,329</td></tr>
<tr><td rowspan="3">5</td><td>15.a.</td><td>List the "Constraints" on relevant and reliable information to be disclosed in financial reporting.</td><td rowspan="3">K4</td><td rowspan="3">CO5</td></tr>
<tr><td colspan="2">(OR)</td></tr>
<tr><td>15.b.</td><td>List the users of financial statement and explain. Why?</td></tr>
</table>

**SECTION -C (30 Marks)**

Answer **ANY THREE** questions

**ALL** questions carry **EQUAL** Marks (3 × 10 = 30)

| Module No. | Question No. | Question | K Level | CO |
|---|---|---|---|---|
| 1 | 16 | Jeevan Ltd., earned a net profit after tax of Rs.90,00,000 during the year enabled 31.03.2016<br>The company's equity capital is 10,000 shares of Rs.10 each.<br>The company's has also issued 5,000. 20% convertible debentures of Rs. 20 each, convertible into shares at par.<br>Compute Basic EPS and diluted EPS as per AS- 20. Assuming Income Tax Rate at 30%. | K4 | CO1 |

<table>
<tr><td>2</td><td>17</td><td>Following balances have been extracted from the books of Rama Ltd. on 31st March 2014;<br>Equity share capital (1,00,000 shares of Rs. 10 each) Rs. 10,00,000;<br>Securities Premium Rs. 2,00,000;<br>12% Debentures Rs. 5,00,000;<br>Creditors Rs. 2,00,000;<br>Proposed Dividend Rs. 50,000;<br>Surplus ie Balance in statement of profit and loss; (debit) Rs. 50,000;<br>Land and Building Rs.9.00.000;<br>Government Bonds Rs. 5,00,00;<br>Capital Work-in Progress (Building) Rs. 50,000; Furniture Rs.60,000; Debtors Rs. 20,000.<br>Debentures were issued on 1st April 2013 redeemable after 5 years i.e. on 31st March 2017.<br>Surplus i.e. Balance in statement of profit and loss is before writing off Discount on issue of Debentures.<br>Build the balance sheet of the company as per revised schedule VI, Part I of the Companies Act, 1956.</td><td>K3</td><td>CO2</td></tr>
<tr><td>3</td><td>18</td><td>The following are the Balance Sheets of holding company X Ltd., and its subsidiary Y Ltd. as on 31.03.2013
<table>
<tr><th>Liabilities</th><th>X Ltd Rs.</th><th>Y Ltd., Rs.</th><th>Assets</th><th>X Ltd Rs.</th><th>Y Ltd Rs.</th></tr>
<tr><td>Share Capital:</td><td></td><td></td><td>Land & Buildings</td><td>12,500</td><td>9,000</td></tr>
<tr><td>(Rs. 10 each)</td><td>67,500</td><td>50,000</td><td>Plant &</td><td></td><td></td></tr>
<tr><td>6% Debentures</td><td>15,000</td><td>-</td><td>Machinery</td><td>25,000</td><td>6,500</td></tr>
<tr><td>General reverse</td><td>15,000</td><td>-</td><td>Furniture</td><td>2,500</td><td>250</td></tr>
<tr><td>Profit & Loss A/c</td><td>17,500</td><td>17,000</td><td>Investment in</td><td></td><td></td></tr>
<tr><td>Trade creditors</td><td>7,500</td><td>12,750</td><td>3,750</td><td></td><td></td></tr>
<tr><td></td><td></td><td></td><td>Shares of Y Ltd.</td><td>45,000</td><td>-</td></tr>
<tr><td></td><td></td><td></td><td>Stock-in-trade</td><td>15,000</td><td>22,750</td></tr>
<tr><td></td><td></td><td></td><td>Sundry debtors</td><td>15,000</td><td>25,000</td></tr>
<tr><td></td><td></td><td></td><td>Bills Receivable</td><td>-</td><td>2,500</td></tr>
<tr><td></td><td></td><td></td><td>Cash at Bank</td><td>7,500</td><td>13,750</td></tr>
<tr><td></td><td>1,22,500</td><td>79,750</td><td></td><td>1,22,500</td><td>79,750</td></tr>
</table>
The holding of X Ltd. in Y Ltd. was acquired on 01.07.2012 on which date Y Ltd. had Rs. 5,000 to the credit of its Profit and Loss A/C.<br>Debtors of X Ltd. includes Rs. 5,000 receivable from Y Ltd., Creditors of Y Ltd., includes Rs.4,750 payable to X Ltd.<br>Transactions between X Ltd. and Y Ltd. include the purchase of goods by Y Ltd. at cost plus 33 1/3 % . The stock of Y Ltd. on 31st March 2013 consisted of goods purchased from X Ltd. Rs.8,000.<br>Cash amounting to Rs.250 was in transit from Y Ltd., to X Ltd., on 31.03.2013.<br>You are required to build a consolidated Balance sheet to be presented to the share holders of X Ltd. as on 31.03.2013.</td><td>K6</td><td>CO3</td></tr>
<tr><td>4</td><td>19</td><td>The following information is given<br>(a) Capital employed Rs. 1,50,000;<br>(b) Normal rate of profit 10%<br>(c ) Present value of annuity of Rs. 1 for 5 years at 10% is 3.78<br>(d) Net profit for 5 years
<table>
<tr><th></th><th>Rs.</th></tr>
<tr><td>I Year</td><td>14,400</td></tr>
<tr><td>II Year</td><td>15,400</td></tr>
<tr><td>III Year</td><td>16,900</td></tr>
<tr><td>IV Year</td><td>17,400</td></tr>
<tr><td>V Year</td><td>17, 900</td></tr>
</table>
The profit include non-recurring profit on an average basis of Rs. 1,000 out of which it was deemed that even non-recurring profit had a tendency of appearing at the rate of Rs.600 per annum. You are required to calculate goodwill:<br>(i) As per annuity method<br>(ii) As per 5 years purchase of super profit.</td><td>K5</td><td>CO4</td></tr>
<tr><td>5</td><td>20</td><td>Explain the objectives of financial reporting in detail.</td><td>K2</td><td>CO5</td></tr>
</table>

Z-Z-Z END