SET-2

INDIRA UNIVERSITY, PUNE

SCHOOL OF COMMERCE & ECONOMICS- MCOM

Backlog Examination (2025 Pattern) April/ May – 2026 - Semester – I

Subject Name: Advanced Accounting **Max. Marks: 50**
Subject Code: 25MOC102T **Time: 2:30 Hrs.**

Instructions

- Attempt all the questions

CO	Cognitive Ability	Course Outcome
CO1	**Remember**	To remember a comprehensive Understanding of the conceptual framework, accounting theory, and its application in accounting practices.
CO2	**Understand**	To understand and implement various methods for the valuation of shares, including discounted cash flow (DCF), earnings yield, and price/earnings methods
CO3	**Apply**	To apply accounting standards and principles in the preparation and analysis of consolidated financial statements and inter-company transactions
CO4	**Analyze**	To analyze and prepare consolidated profit & loss accounts, incorporating accounting for subsidiary companies, bonus shares, and revaluation of fixed assets.
CO5	**Evaluate**	To evaluate and apply appropriate methods for business combinations, mergers, and the accounting treatment of goodwill and purchase consideration under Ind AS 103.
CO6	**Create**	To create and apply methods of goodwill valuation such as the number of years' purchase, capitalization, and super profits in different business contexts.

Q:1	**Fill in the blanks (any 5 out of 7)** **(5 Marks)** 1. **__________ accounting theory is based on the rules and guidelines set by authorities or governing bodies.** a) Normative b) Positive c) Constructive d) Analytical 2. **IFRS stands for __________.** a) International Financial Reporting Standards b) International Federation of Reporting Standards c) Independent Financial Reporting Standards d) Internal Financial Reporting Standards	CO1

	3. **Consolidated financial statements combine the financial statements of a __________ and its subsidiaries.** a) Parent company b) Holding company c) Independent company d) Public company 4. **The __________ method for share valuation calculates the company's profitability relative to its share price.** a) Dividend Yield b) Price/Earnings c) Net Asset d) Discounted Cash Flow 5. **The need for __________ arises when there is a transfer of ownership of a company or valuation for investment purposes.** a) Valuation of Shares b) Share Capital c) Goodwill d) Liabilities 6. **The __________ method of goodwill valuation assumes that the company's super profits are sustained indefinitely.** a) Super Profits b) Capitalisation c) Net Asset d) Earning Yield 7. **The valuation of goodwill is important in __________ transactions and mergers.** a) Sale b) Acquisition c) Liquidation d) Dividend	
Q:2	**True or False- (Any 5 out of 7) (5 Marks)** **1.** Selection of accounting principles does not affect financial statements. **2.** AS 21 deals with consolidated financial statements. **3.** Unrealized profit in inventory should be eliminated in consolidation. **4.** Reconstruction involves reorganizing the capital structure of a company. **5.** Dividend yield method uses expected dividends to value shares. 6. Super profit method calculates goodwill based on excess profit over normal profit. **7.** Net assets method considers both tangible and intangible assets.	CO2

Q:3 **Short Notes (Any 2 out of 3)** **(10 Marks)** CO3

1. Classification of Accounting Theory
2. Issue of Bonus Shares Issue of Bonus Shares
3. Capitalisation Method for Valuation of Goodwill

Q:4 Aditya Ltd., Andheri purchases shares of Pratik Ltd., Bandra on 1st April, 2019 and of Bhushan Ltd. Chembur on 1st October, 2019. Their financial position as on 31st March, 2020 discloses the following data: **(10 Marks)** CO4

Balance Sheet as on 31st March, 2020

Liabilities	**Aditya Ltd. ₹**	**Pratik Ltd. ₹**	**Bhushan Ltd. ₹**	**Assets**	**Aditya Ltd. ₹**	**Pratik Ltd. ₹**	**Bhushan Ltd. ₹**
Share Capital:				Property, Plant and Equipment	88000	167000	144000
A) Issued, Subscribed and Paid-up				Investments in **2,500** Equity Shares in Pratik Ltd	150000	-	-
i) Equity Shares of ₹50 each fully paid-up	400000	200000	240000	Investments in 800 5% Preference Shares in Bosh Ltd.	50000	-	-
ii) 5% Preference Shares of 50 each fully paid-up	-	60000	-	Investments in 3,200 Equity Shares in Bhushan Ltd	170000	-	-
Reserve	40000	-	10000	Inventories	30000	-	20000
Profit and Loss (Cr.) (as on 1st April, 2019)	40000	20000	-	Cash and Cash Equivalents	23000	87000	109000
Revenue Profit (2019-2020)	30000	16000	32000	Consumable Stores	2000	7000	5000
Sundry Creditors	39000	13000	12000	Sundry Debtors	35000	59000	16000
Expenses Payable	6500	1000	2000	Pratik Ltd. Loan (Given on 30th June, 2019)	10000	-	-

Aditya Ltd. Loan (taken on 30th June, 2019)	-	10000	-	Trade Receivables from Bhushan Ltd. Aditya Ltd.	2000	-	-
Trade Payables Bhushan Ltd.	-	-	4000	Current Account	-	-	6000
Current Account	4500	-	-				
Total	**560000**	**320000**	**300000**	**Total**	**560000**	**320000**	**300000**

Prepare a Consolidated Balance Sheet of Aditya Ltd. Andheri and its subsidiaries Pratik Ltd., Bandra and Chroma Ltd. Chembur as on 31st March, 2020 after considering the following adjustments:

i) A Short-Term Loan @ 12% p.a. was given by Aditya Ltd. to Pratik Ltd. on 30th June, 2019, the interest thereon was neither paid nor provided for by them.

ii) ii) The Unused Plant of Aditya Ltd., costing 3,600 was sold on 31st January, 2020 to Bhushan Ltd. for 4,500, of which the appropriate credit for the profit was adjusted by the company.

iii) The dividend on 5% Preference Shares for the year 2018-19 was payable to the date of acquisition of the shares by Aditya Ltd., was not paid even in 2019-2020.

iv) The entire Inventories of Pratik Ltd. as on 1st October, 2019 20,000 was sold to Aditya Ltd. for 25,600, but it remained unsold as on 31st March, 2020.

v) A cheque for₹ 1,500 was issued by Aditya Ltd. in favour of Bhushan Ltd. on 30th March, 2020 was received by Bhushan Ltd., on 4th April, 2020.

OR

Define the term Holding Company and Subsidiary Company. State the different ways of control over other companies. **(10 Marks)**

Q:5 The Balance Sheets of Pune Lid, and Indapur Ltd., as on 31 March, 2020 were as follows **(10 Marks)** CO3

Balance Sheet of Pune Ltd., as on 31 March, 2020

Liabilities	Amt	Assets	Amt
Share Capital: 675 Equity Shares of 100 each	67,500	Goodwill	22,500
General Reserve	3,000	Land and Buildings	32,500
Dividend Equalisation Reserve	2,500	Plant and Machinery	12,500
Profit & Loss	4,500	Stock	20,000
Creditors	20,000	Debtors 10,500 Less: R. D. D 500	10,000
Outstanding Expenses	1,250	Cash in Hand	2,500

Provision for Taxation	11,250	Cash at Bank	10,000
	1,10,000		**1,10,000**

Balance Sheet of Indapur Ltd. as on 31 March, 2020

Liabilities	Amt	Assets	Amt
Share Capital: 500 Equity Shares of 100 sach	50,000	Land and Buildings	20,000
Bank Overdraft	5,000	Plant and Machinery	20,000
Creditors	17,500	Furniture and Fittings	3750
		Vehicles	11250
		Stock	12250
		Debtors Less: R.D.D	2500
		Cash in Hand	1250
		Profit and Loss	1250
	72500		**72500**

The companies amalgamated as on the date of above Balance Sheet and new company Satara Ltd., was formed to carry on the business of Pune Ltd., and Indapur Ltd on following terms:

i) Satara Ltd., took over Assets of Pune Ltd., except debtors, cash and bank balance at 10% depreciation and agreed to pay ₹25,000 for goodwill. It also took over creditors and outstanding expenses.

ii) Tax liability for 2019-2020 was settled at ₹9.500.

iii) Satara Ltd., took all assets of Indapur Ltd., except cash and debtors. Land and Buildings and Stock were taken at 20% appreciation and other assets were taken at book value. Satara Ltd., also agreed to take over the creditors of Indapur Ltd.

iv) Indapur Ltd., paid Bank Overdraft in full

v) The purchase consideration was satisfied as follows: Cash of ₹ 5,000 to Pune Ltd., and 3.750 to Indapur Ltd., The balance amount of purchase consideration was paid in the Equity shares of Satara Ltd., of 10 each.

vi) Debtors of Pune Ltd., and Indapur Ltd., realised 9,500 and ₹3,000 respectively. You are required to prepare:

Realisation Account, Cash Account, Satara Ltd., Account and Equity Shareholders

Account in the books of Pune Ltd., and Indapur Ltd.

OR

What is Surrender of Shares? How it differs from Cancellation of shares in Internal Reconstruction **(10 Marks)**

Q.6 A) M/s Mohite and Sons, Matunga wish to value Goodwill of the firm on the basis of 2 years' average profit for last four years. The profits and losses of the last 4 years are as under: CO5

Year	Profit/ Loss ₹
2017	18400
2018	4200 (Loss)
2019	13700
2020	14900

Calculate the value of Goodwill of the firm.

B) The following is the Balance Sheet of Rakesh and Yogesh as on 31 March, 2020.

Balance Sheet as on 31 March, 2020

Liabilities	**₹**	**Assets**	**₹**
Capitals:		Machinery	50000
Rakesh	90000	Buildings	41000
Yogesh	70000	Furniture	10000
General Reserve	44000	Investments	30000
Sundry Creditors	30000	Stock	10000
Bills Payable	8000	Sundry Debtors	66000
		Cash at Bank	35000
Total	**242000**	**Total**	**242000**

The net profit of the firm for last few years were as follows:

Year	**Profit/ Loss ₹**
2016-17	15000
2017-18	25000
2018-19	26000

Ascertain the value of Goodwill at two years purchase of the super profit for three years, taking the normal rate of return on capital employed as 10%. **(10 Marks)**

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