INDIRA UNIVERSITY, PUNE

SCHOOL OF COMMERCE & ECONOMICS- MCOM

Term End Examination (2025 Pattern) April- May – 2026- Semester – II

Course Name: Specialised areas in Accounting — **Max. Marks: 50**
Course Code: 25MOC202T — **Time: 2 Hr. 30 Minutes**

Instructions

- All Questions are Compulsory.
- Use of Simple Calculator is allowed.

Q1.	**Attempt any 5 out of 7. (1 Mark each)** **(5 Marks)** **1. Completed Contract Method recognizes profit as ___________.** A. At the start of contract B. During execution C. Only after completion D. Before completion **2. Absorption occurs when __________.** A. Two companies form a new one B. One company takes over another C. Company dissolves D. Shares are issued **3. OPD stands for ___________.** A. Outpatient Department B. Operating Department C. Office Processing Department D. Outdoor Patient Data **4. Audit under GST is compulsory when turnover exceeds ________.** A. ₹10 lakh B. ₹20 lakh C. ₹2 crore (subject to provisions) D. ₹5 crore **5. GST accounts should be maintained __________.** A. Monthly B. Annually C. Continuously and systematically D. Occasionally	CO1

	6. Capital reduction account is prepared in __________. A. Amalgamation B. Internal reconstruction C. Absorption D. External reconstruction **7. AS 7 deals with ______________.** A. Service contracts B. Construction contracts C. Lease agreements D. Insurance contracts	
Q2.	**True or False (Attempt any 5 out of 7 -1 Mark each) (5 Marks)** **1.** Completed Contract Method recognizes profit before completion of contract. **2.** OPD refers to In-Patient Department. **3.** GST audit is compulsory for all businesses. **4.** Escalation clause increases contract price due to rise in costs. **5.** Purchase consideration is the amount paid to acquire another company. **6.** Log book is used in transport undertakings. **7.** Failure to maintain records may attract penalty.	CO2
Q.3	**Write Short Notes (Any 2 out of 3) (10 Marks)** 1. Service Sector Accounting 2. GST Audit 3. Net Asset Method	CO3
Q.4	**Attempt any ONE question (10 Marks)** Moon Ltd. Ujjain, presents you with their financial position as follows	CO4

Liabilities	**Amount**	**Assets**	**Amount**
Share Capital :		Goodwill	60,000
A) Issued and Subscribed Capital :		Buildings	1,50,000
4,000 Equity Shares of ₹100 each, fully paid	4,00,000	Machinery	3,00,000
3,000, 7% Preference Shares of 100 each, fully paid	3,00,000	Patents	30,000
Profits Prior to Incorporation	10,000	Stock	2,20,000
6% Debentures	3,00,000	Debtors	1,50,000
Sundry Creditors	2,00,000	Cash	5,000
		Preliminary Expenses	25,000
		Profit and Loss	2,70,000
TOTAL	**1210000**		**1210000**

The following scheme of reconstruction was duly approved by the court. 7% Preference Shares to be converted into 9% Preference Shares, the amount being reduced by 30%.

	i) 7% Preference Shares to be converted into 9% Preference Shares, the amount being reduced by 30%. **ii)** Equity Shares to be reduced to fully paid shares of ₹ 50 each. **iii)** Buildings be appreciated by 20%. **iv)** Debentures be reduced by 20%. **v)** All intangible assets and fictitious amounts including patents be written off. Utilise, profits prior to incorporation if necessary. Pass journal entries to record the above scheme of reconstruction in the books of Moon Ltd., Ujjain and a revised Balance Sheet as on 31st March, 2020. **OR** Explain the concept 'Internal Reconstruction'. State the accounting treatment of 'Arrears of Dividend' in working of Internal Reconstruction.	
Q.5	**Attempt any ONE question** **(10 Marks)** What is GST Audit? State the circumstances in which GST Audit is required. **OR** What is 'Fund Based Accounting'? State the types of organizations using fund Based Accounting Methods.	CO5
Q.6	**Solve the Following** **(10 Marks)** VJ Constructions, Mumbai undertook several large contracts and they maintain a separate Construction Contract Account for each contract in their contract ledger. On 31st March 2020 the Contract Account No. 29 showed the following particulars for the year 2019-2010.	CO6

Particulars	**Amt**
Materials Sent to site	128,800
Materials Purchased	64,900
Materials in Hand at the end	5,700
Labour Engaged on site	79,200
Wages Due but not paid	6,800
Direct Expenses	33,600
Chargeable Expenses accrued	5,800
General Overheads allocated to Contract	18,900
Mixing Plant Installed at site	60,800
Installation Charges on site for Plant	7,900
Estimate scrap value of Plant after its life of Five years	8,700

The contract was for 6,50,000 and the cash received on account of architect's certificate after deduction by the customer of ten percentage for retention money amounted to 3,78,000. The work actually completed since certification by the architects is also estimated to 14,300. The Mixing Plant was to be depreciation proportionately.
You are required to calculate the amount of Notional Profits which you consider might be fairly taken on the contract and also show how the Work-in-Progress will appear in the Balance Sheet as on 31st March, 2020.

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