K25P 3517

Reg. No. : .....

Name : .....

I Semester M.Com. Degree (C.B.C.S.S. – O.B.E. – Reg./Supple./Imp.) Examination, October 2025
(2023 Admission Onwards)
CMCOM01C04 : ADVANCED FINANCIAL ACCOUNTING

Time : 3 Hours Max. Marks : 60

SECTION – A

Answer **any five** questions. **Each** question carries **three** marks.

1. Discuss the main benefits derived from Human Resource Accounting.
2. Discuss the objectives of social accounting.
3. State the basic principles of government accounting.
4. State the meaning of Average Clause in fire insurance.
5. State the reasons why countries adopt IFRS.
6. From the following data calculate COSA :

	Historic cost	**Index**
Opening stock 01.01.2025	40,000	180
Purchases during 2025	1,20,000	198 (Average)
Closing stock 31.12.2025	50,000	220

(5×3=15)

SECTION – B

Answer **any three** questions. **Each** question carries **five** marks.

7. Explain the importance of forensic accounting.
8. State the important factors to be taken into consideration in valuing goodwill.

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9. Distinguish between commercial accounting and government accounting.

10. The ship Jalsree commenced its voyage from Mumbai to Kolkata and back on 1st February, 2024. On 31st March, 2024 when the accounts were closed, the ship was half way back to Mumbai from Kolkata. The following details are given :

	₹
Coal and stores purchased	5,50,000
Salaries and wages	2,75,000
Sundry Expenses	25,000
Depreciation (annual)	9,00,000
Insurance (annual)	4,50,000
Freight outward	10,00,000
Freight-return	5,00,000
Stock of coal and stores on 31st March, 2024	1,00,000
Passage money (return)	50,000

Address commission 5%

Prepare the Voyage Account showing profit or loss for the period of two months ending on 31st March, 2024.

11. On 12th June, 2024 fire occurred in the premise of Prasoon. Cost of stock salvaged being ₹ 11,200. In addition, some stock was salvaged in a damaged condition and its value was agreed at ₹ 10,500. From the books of accounts, the following particulars are available :

Stock on 31.12.2023 was ₹ 83,500.

Purchases from 01.01.2024 to 12.06.2024 amounted to ₹ 1,12,000 and sales during that period was ₹ 1,54,000. On the basis of his accounts from the past three years it appears that he earns on an average a gross profit of 30% on sales. Prasoon has insured his stock for ₹ 60,000. Compute the amount of the claim. **(3×5=15)**

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SECTION – C

Answer **any three** questions. **Each** question carries **ten** marks.

12. State the different approaches to price level accounting. What does it achieve which conventional financial accounting fails to achieve ?

13. Discuss the importance and limitations of accounting standards.

14. From the following data, compute consequential loss claim :
    a) Financial year ends on 31st December. Turnover during the year ₹ 2,00,000.
    b) Indemnity period 6 months, Period of Interruption. 1st July to 31st October.
    c) Net profit ₹ 18,000.
    d) Standing charges ₹ 42,000 out of which ₹ 10,000 have not been insured.
    e) Sum assured ₹ 50,000.
    f) Standard turnover ₹ 65,000.
    g) Turnover in the period of interruption ₹ 25,000 out of which ₹ 6,000 was from a rented place at ₹ 600 per month.
    h) Annual turnover ₹ 2,40,000.
    i) Saving in standing charges ₹ 4,725 per annum.
    j) Date of fire night of 30th June.
    k) It was agreed between the insured that the business trends would lead to an increase of 10% in the turnover.

15. The following particulars of a company are available :
    a) Equity share capital : 10,000 equity shares of ₹ 10 each fully paid.
    b) Preference share capital : 1,000, 12% preference shares of ₹ 100 each fully paid.
    c) Reserve and surplus : ₹ 15,000.
    d) External liabilities : Creditors ₹ 12,000; Bills payable ₹ 6,000.

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e) The average normal profit after tax earned each year by the company ₹ 28,500.

f) Transferred to general reserve – 10%.

g) Assets of the company include one fictitious item of ₹ 800.

h) The normal rate of return in respect of the equity of this type of company is ascertained at 10%.

Compute the value of the company's share by

a) The asset backing method; and

b) Yield method.

16. On 01.06.2024 Mr. X acquired 3,000 equity shares of ₹ 10 each in ABC Ltd. for ₹ 60,000 on cum-right basis :

ABC Ltd. declared :

i) A one for three bonus issue on 01.07.2024 ; and

ii) A one for four rights issue on 01.09.2024 at 20% premium.

Mr. X :

i) Took up half the rights issue and sold the remaining rights for ₹ 8 per share;

ii) Sold half of his total shareholdings on 31.12.2024 for ₹ 37,000.

You are required to prepare the investment account for the year ended 31.12.2024. **(3×10=30)**

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