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MASTER OF COMMERCE (M.COM.)
EXAMINATION : MAY 2022
SECOND SEMESTER
Sub: Company Accounting(MCA-211)

Date: 19/05/2022

Total Marks :100

Time: 2.00 pm to 5.00 pm

- Instructions:**
- 1) All questions are compulsory.
 - 2) Figures to the right indicate full marks.

Q.1 Answer the following questions. (Attempt any two) (30)

1. The Balance sheet of X Ltd and Y Ltd. on 31st March, 2022 are given below.

	Rs.	Rs.
I. Equity and Liabilities		
1. Shareholders' funds		
a) Share capital Authorized, issued, subscribed and paid up capital Equity shares of Rs. 100/- each, fully called up and paid up	6,00,000	2,00,00
b) Reserve and Surplus General Reserve Profit and loss account	60,000 80,000	25,000 15,000
2. Current Liabilities Trade Payables	75,000	48,000
TOTAL	8,15,000	2,88,000
II. ASSETS		
1) Non-current Assets		
a) Fixed Assets Fixed Assets	6,55,000	2,88,000
b) Long term Investment 1,600 Shares in S Ltd. (at cost)	1,60,000	
TOTAL	8,15,000	2,88,000

X Ltd., acquired shares in Y Ltd. on 31 st March 2022. Prepare the Consolidated balance sheet of X Ltd and Y Ltd as on that date.

2. Following is the balance sheets of A Ltd. and B Ltd.as at 31st March 2022

	A Ltd. (in Rs.)	B Ltd. (in Rs.)
I) EQUITY AND LIABILITIES		
1) Shareholders' Funds		
a) Share capital Authorized, issued, subscribed and paid up Equity shares of Rs. 100 each, fully called up and paid up	5,00,000	2,00,000
b) Reserve and Surplus General Reserve Profit and loss account	1,00,000 1,40,000	60,000 90,000
2) Current Liabilities Bills payable Trade payables	80,000	40,000 50,000
Total	8,20,000	4,40,000

II) ASSETS		
1) Non-Current Assets		
a) Fixed Assets		
Machinery	1,60,000	90,000
Land and Building	2,00,000	1,30,000
Goodwill	40,000	30,000
b) Long term investment		
1500 shares in B Ltd. (at cost)	2,40,000	
2) Current Assets		
Trade Receivables	20,000	75,000
Stock	1,00,000	90,000
Cash at Bank	60,000	25,000
Total	8,20,000	4,40,000

The profit and loss account of S Ltd. showed a credit balance of Rs. 50,000 on 1st April 2021. A dividend of 15% was paid in December 2021 for the year 2021-22. This dividend was credited to Profit and loss account by A Ltd.

A Ltd. acquired the shares in B Ltd. on 1st October 2021.

The bills payable of B Ltd. were all issued in favor of A Ltd. which company got the bills discounted.

Included in the creditors of B Ltd. is Rs.20,000 for goods supplied by A Ltd. included in the stock B Ltd. are goods to the value of Rs. 8,000 which were supplied by A Ltd. at a profit of 33 1/3% on cost.

In arriving at the value of B Ltd. shares, the plant and machinery which then stood in the books at Rs. 1,00,000 on 1.4.2022 was revalued at Rs. 1,50,000. The new value was not incorporated in the books. No change in these has been made since then.

Prepare the consolidated balance sheet as on that date.

- Describe in detail treatment of remuneration to Manager and Director and statutory rates for managerial remuneration.
- Smart Ltd. was incorporated on 1st August, 2021 with an authorized capital of 50,000 equity shares of Rs. 10 each to acquire the business of Mr. Smart with effect from 1st April, 2021. The Purchase consideration was agreed at Rs. 7,00,000 to be satisfied by the issue of 40,000 equity shares of Rs. 10 each as fully paid up and 3,000, 9% debentures of Rs. 100 each as fully paid up.

The entries relating to the transfer were not made in the books which were carried on without a break until 31st March, 2021. On 31st March, 2022 the trial balance extracted from the books showed the following:

Particulars	Rs.	Rs.
Sales		10,43,700
Purchases	7,76,580	
Advertising	37,800	
Postage and Telegram	8,820	
Rent and Rates	18,420	
Packing expenses	16,800	
Office expenses	12,540	
Opening stock	1,05,220	
Directors' fees	20,000	
Debenture interest	18,000	
Land and building	3,00,000	
Plant and Machinery	1,80,000	
Furniture and Fixture	20,000	
Sundry debtors	1,39,500	
Cash at Bank	40,000	
Cash in Hand	4,900	

Bills payable		30,000
Sundry creditors		53,240
Preliminary expenses	7,360	
Smart's capital		5,89,000
Smart's Drawing account	10,000	
TOTAL	17,15,940	17,15,940

You are also given the following additional information:

- Stock on 31st March 2018 amounted to Rs. 98,920.
- The average monthly sales for April, May and June were one half of those for the remaining months of the year and the gross profit margin was constant throughout the year.

You are required to calculate the profit prior and post incorporation as on 31st March, 2022.

Q.2 Answer the following. (Attempt any three)

(30)

- What do you mean by long term Investment
- Explain in detail partial, firm and complete underwriting.
- Application of Environmental Accounting
- From the following figures calculate the value of share of Rs. 10 on (i) Divided basis and ii) return on capital employed basis, the market expectation being 12%.

Year ended on 31 st March	Capital employed	Profit	Divided (%)
2014	1,00,000	1,60,000	12
2015	16,00,000	3,20,000	15
2016	20,00,000	4,40,000	18
2017	30,00,000	7,50,000	20

- Current Liabilities, explain

Q.3 Write short notes. (Attempt any four)

(20)

- Dividend
- Types of Shares
- Mutual funds
- Current Assets
- Need for valuation of shares
- Net payment method

Q.4 Select the Correct Alternatives (Attempt Any Ten)

(20)

- _____ is a charge against profit and is shown on asset side of balance sheet.
 - Office expenses
 - Current assets
 - Depreciation
 - None of these
- _____ Method of accounting is followed in case of an amalgamation in the nature of merger.
 - Net payment method
 - Net purchase
 - Pooling of interest
 - None of these
- If only part of the issue of shares or debentures of a company is underwritten, it is said to be _____.
 - Partial underwriting
 - Firm underwriting
 - Complete underwriting
 - None of these

- 4 _____ represents the earning power in relation to the value of assets employed for such earnings.
- a) Rate of return
 - b) Productivity factor
 - c) Earnings capitalization
 - d) None of these
- 5 The claim of outside shareholders in the subsidiary company is called as _____.
- a) Holding company's share of interest
 - b) Minority Interest
 - c) Consolidation
 - d) None of these
- 6 The balance of the company tells the financial position on particular date.
- a) True
 - b) False
 - c) All of these
 - d) None of these
- 7 One of the reasons for not implementing environmental accounting is lack of accounting standard for environmental accounting.
- a) True
 - b) False
 - c) All of these
 - d) None of these
- 8 The share valuation is needed during conversion of preference share into equity shares.
- a) True
 - b) False
 - c) All of these
 - d) None of these
- 9 A _____ is the time between the acquisition of assets for processing and their realization in Cash or cash equivalents.
- a) Inventories
 - b) Operating cycle
 - c) All of these
 - d) None of these
- 10 Sec. ___ of the Companies Act, 1956 contains the provisions relating to the remuneration payable to the directors.
- a) 309
 - b) 209
 - c) 10
 - d) None of these
- 11 When the whole of the issue of shares or debentures is underwritten only by one underwriter is called as complete underwriting.
- a) True
 - b) False
 - c) All of these
 - d) None of these
- 12 The valuation of shares is not required when shares are transferred in large block.
- a) True
 - b) False
 - c) All of these
 - d) None of these
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