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

Date: 08/06/2022

Total Marks :60

Time: 10.00 am to 12.30 pm

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

Q.1 Answer the following questions. (Attempt any two) (32)

1. 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:

- i) Stock on 31st March 2018 amounted to Rs. 98,920.
- ii) 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.

2. Explain in detail Cash and cash equivalents
3. What do you mean by long term Investment
4. The Balance sheet of X Ltd and Y Ltd. on 31st March, 2022 are given below.

I. Equity and Liabilities	Rs.	Rs.
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	2,00,000
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.

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

(08)

- The company incorporated on 1st May 2021 acquired a business as a going concern with effect from 1st Jan 2021. The final accounts were drawn upto September 30, 2021.
 - The gross profit is Rs. 224000. The general expenses are Rs. 56880, director's remuneration Rs. 4000 p.m., formation expenses amounted to Rs.6000, rent which till June 30, 2021 was Rs.400 p.m. was increased to Rs.12000 per annum from July 1, 2021.
 - The manager of the earlier firm whose salary was Rs. 2000 p.m. was made as director upon the incorporation and his remuneration thereafter is included in the figure of Director's Remuneration given earlier.

Prepare Profit and Loss account for the period and find out the profits available for dividends and the profit prior to incorporation

- Explain in detail partial, firm and complete underwriting
- What is meant by Managerial Remuneration? Describe in detail rates of remuneration for Manager and Director

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

(10)

- Dividend
- Types of Shares
- Mutual funds
- Current Assets

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

(10)

1. _____ is a charge against profit and is shown on asset side of balance sheet.
 - a) Office expenses
 - b) Current assets
 - c) Depreciation
 - d) None of these

2. _____ Method of accounting is followed in case of an amalgamation in the nature of merger.
 - a) Net payment method
 - b) Net purchase
 - c) Pooling of interest
 - d) None of these

3. If only part of the issue of shares or debentures of a company is underwritten, it is said to be _____.
 - a) Partial underwriting
 - b) Firm underwriting
 - c) Complete underwriting
 - d) 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
