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

Date: 16/12/2022

Total Marks :100

Time: 10.00 am to 1.00 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. How the apportionment of expenses is done for pre and post incorporation period? Explain methods in detail.
2. Ajay Ltd. Was incorporated on 1st March 2016 and received its certificate of commencement of business on 1st April 2016. The company bought the business of M/s. Vijay & Co. with effect from 1st Nov 2015. From the following figures relating to the year ending Oct, 2016, find out the profit available for dividends.
 - i) Sales for the year were Rs. 600000 out of which sales upto 1st March were Rs. 250000.
 - ii) Gross profit for the year was Rs. 180000

Expenses debited to the profit and loss account were-

Particulars	Rs.
Rent	9000
Salaries	15000
Directors Fees	4800
Interest on debentures	5000
Audit Fees	1500
Discount on sales	3600
Depreciation	24000
General Expenses	4800
Advertising	18000
Stationery and printing	3600
Commission on sales	6000
Bad Debts	1500*
Interest to vendor on purchase consideration upto May1, 2016	3000

*Rs.500 relates to debts created prior to incorporation.

3. Explain in detail IFRS-1, First time adoption of Internal Financial Reporting System and IFRS-2, Share based payment
4. From the following balance sheets of H Ltd. and its subsidiary S Ltd. drawn up at 31st March, 2012, prepare a consolidated balance sheet as at that date, having regard to the following:
 - 1) Reserves and profit and loss account (Cr) of S Ltd. stood at Rs. 25000 and Rs. 15000 rept. on the date of acquisition of its 80% shares by H Ltd.
 - 2) Machinery (book value Rs. 100000) and furniture (book-value Rs. 20000) of S Ltd. were revalued at Rs. 150000 and Rs. 15000 rept. For the purpose of fixing the price of its shares, book values of other assets remaining unchanged. These values are to be considered for consolidation purposes.

			H Ltd.		S Ltd.
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		500000		100000
	b) Reserve and surplus				
	General reserve	200000		75000	
	Profit and loss account	100000	300000	25000	100000
	2) Current liabilities				
	Trade payables		150000		50000
	TOTAL		950000		250000
II	ASSETS				
	1) Non-current assets				
	a) Fixed assets				
	Machinery	300000		90000	
	Furniture	50000		17000	
	Other Assets	440000	790000	143000	250000

	b) Long term investment				
	800, shares at Rs.200 each in S Ltd. (at cost)		160000		-----
	TOTAL		950000		250000

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

(30)

- How the apportionment of expenses is done for pre and post incorporation period? Explain methods in detail.
- Small Ltd. was absorbed by High Ltd. as on 30th June, 2016. All the assets and liabilities of Small Ltd. as taken by High Ltd. The consideration was agreed at Rs. 336600 and was paid in so many fully paid equity shares of High Ltd. to be distributed to the equity shareholders of Small Ltd. The following are the balance sheets of both the companies as on 30.06.2012.

			High Ltd.		Small Ltd.
I	Equity and Liabilities		(Rs.)		(Rs.)
	a) Share capital				
	Authorized, Issued, subscribed and paid up capital				
	Equity shares of Rs.10 each, fully called up and paid up		750000		200000
	a) Reserves and surplus				
	General reserve				
	Profit and Loss account	150000		50000	
		20502	170502	12900	62900
	b) Non current Liabilities				
	Workmen compensation fund	12000		9000	
	Employee Provident fund	10000	22000	4000	13000
	c) Current liabilities				
	Trade payables	58567		30456	
	Provision for taxation	12000	70567	5000	35456
	TOTAL		1013069		311356

II	ASSETS				
	1) Non-current assets				
	a) Fixed assets				
	i) Tangible assets Plant and machinery	312000		100000	
	ii) Intangible assets Goodwill	200000	512000	60000	160000
	2) Current Assets				
	Stock	265000		80000	
	Debtor	221200		56000	
	Cash and cash equivalents				
	Cash in hand	869		356	
	Cash at bank	14000	501069	8300	144656
	Other Current Assets				
	Prepaid insurance				700
	Income tax refund claim				6000
	TOTAL		1013069		311356

- i) Show the necessary ledger accounts in the books of Small Ltd. and journal entries into the books of High Ltd.
- ii) Prepare the balance sheet of High Ltd. after the amalgamation.

3. Explain Objectives of Human Resource Accounting
4. State and explain Types of underwriting
5. Explain Intangible assets.

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

(20)

1. Working Capital
2. Pre-acquisition profit
3. Productivity factor
4. IFRS
5. Shares
6. Amalgamation

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

(20)

- 1 IFRS stands for _____.
 - a) International Financial Reporting standards
 - b) Indian Finance Reporting System
 - c) International Fixed Reporting system
 - d) Indian Fixed Reporting Standards
- 2 If only a part of the issue of shares or debentures of a company is underwritten, it is said to be _____.
 - a) Partial underwriting
 - b) Full underwriting
 - c) Commission underwriting
 - d) Firm underwriting
- 3 An _____ is the time between the acquisition of assets for processing and their realization in cash or cash equivalents.
 - a) Employee cycle
 - b) Interest cycle
 - c) Operating cycle
 - d) working capital
- 4 Profit or loss prior to incorporation is of _____ nature and as such it is necessary to ascertain such profit or loss as accurately as possible.
 - a) Time
 - b) Revenue
 - c) Sales
 - d) Capital
- 5 Section _____ of the companies Act, 1956 contains the provisions relating to the remuneration payable to the directors.
 - a) 309
 - b) 310
 - c) 387
 - d) 386
- 6 _____ is one the intangible assets.
 - a) Plant and machinery
 - b) Goodwill
 - c) Land and building
 - d) Furniture
- 7 _____ is the claim of outside shareholders in the subsidiary company which has to e assessed and shown as a liability in the consolidated balance sheet.
 - a) Pre-acquisition profit
 - b) Post acquisition profit
 - c) Minority interest
 - d) Profit on revaluation
- 8 Formula for productivity factor is _____.
 - a) Profit /no. of equity shares
 - b) Average profit/average net worth x 100
 - c) Market value per share/earning per share
 - d) Profit for dividend/ total paid up equity capital
- 9 _____ means two or more existing companies goes into liquidation and a new company is formed to take over their business.
 - a) Underwriting
 - b) Amalgamation
 - c) External reconstruction
 - d) Internal reconstruction
- 10 _____ represents the earning power in relation to the value of assets employed for such earnings.
 - a) Rate of earnings
 - b) Price earning ratio
 - c) Productivity factor
 - d) Capitalization factor
- 11 _____ refers to the returns which a shareholder earns on his investment
 - a) Rate of return
 - b) Normal returns
 - c) Productivity returns
 - d) capitalization factor
- 12 Valuation of shares is not required when shares are transferred in large stock.
 - a) True
 - b) False
 - c) Sometimes true
 - d) Sometimes false