External (60:40)
Batch (2016-17 till 2019-20 & 23-24)
Regular (60:40)
Batch (2016-17 till 2023-24)

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MASTER OF COMMERCE (M.COM)

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SECOND SEMESTER

Sub: Company Accounting (MCA-211)

Date: 14/12/2023 **Total marks: 60** **Time: 10.00 am to 12.30 pm**

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

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

1. ABC ltd issued 50,000 equity shares. The whole of the issues was underwritten as follows : X 40% , Y 30% ,Z 30% .
   Applications for 40,000 shares were received in all ,out of which application for 10,000 shares had the stamp of those for 5,00 shares that of Y and those for 10,000 shares had the stamp of X ; those for 10,000 shares that of Z . The remaining applications for 15,000 shares did not bear any stamp.
   Determine the liability of the underwriters.

2. The Balance sheet of H Ltd and S Ltd. on 31st March, 2020 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**

   H Ltd., acquired shares in S Ltd. on 31 st March 2020. Prepare the Consolidated balance sheet of H Ltd and S Ltd as on that date

3. Describe in detail treatment of remuneration to Manager and Director and statutory rates for managerial remuneration.

4. Following is the balance sheets of Harsh Ltd. and Sona Ltd. as at 31st March 2021

I) EQUITY AND LIABILITIES	Harsh Ltd. (in Rs.)	SonaLtd.(in Rs.)
1) Shareholders' Funds		
a) Share capital		
Authorized, issued, subscribed		
and paid up		-*
Equity shares of Rs. 100 each,	5,00,000	2,00,000
fully called up and paid up		
b) Reserve and Surplus	1,00,000	60,000
General Reserve	1,40,000	90,000
Profit and loss account		
2) Current Liabilities		
Bills payable		40,000
Trade payables	80,000	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 Sona 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 Sona Ltd. showed a credit balance of Rs. 50,000 on 1st April 2020. A divided of 15% was paid in December 2019 for the year 2019-20. This divided was credited to Profit and loss account by Harsh Ltd.

Harsh Ltd. acquired the shares in Sona Ltd. on 1st October 2020.

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

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

In arriving at the value of Sona Ltd. shares, the plant and machinery which then stood in the books at Rs. 1,00,000 on 1.4.2020 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.

Q. 2 Answer the following questions. (Attempt any one) (08)

1. From the following figures calculate the value of share of Rs. 10 on

(i)) Divided basis

ii) Return on capital employed basis, the market expectation being 12%.

Year ended on 31st 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

2. Smart Ltd. was incorporated on 1st August, 2017 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, 2017.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, 2018. On 31st March, 2018 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:
a) Stock on 31st March 2018 amounted to Rs. 98,920.
b) 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, 2018.

3. State and explain Application of Environmental Accounting.

Q. 3 Write short notes. (Attempt any two) **(10)**

1. IFRS
2. Minority interest
3. Long term borrowings
4. Need for valuation of shares

Q. 4 Select the correct Alternatives (Attempt any ten) **(10)**

1. _________ is one the intangible assets.

a) Plant and machinery b) Goodwill
c) Land and building d) Furniture

2. ___________ 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

3. 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

4. ____________ 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

5. ___________ 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

6. ___________ refers to the returns which a shareholder earns on his investment

a) Rate of return | b) Normal returns
c) Productivity returns | d) capitalization factor

7. Accumulated losses of the subsidiary company upto the date of acquisition of shares by the holding company are called --------.

a) Pre- acquisition | b) Post- acquisition losses
c) Non- acquisition losses | d) Pre- takeover losses

8. 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

9. 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

10. 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

11. IFRS stands for ______________.

a) International Financial Reporting standards | b) Indian Finance Reporting System
c) International Fixed Reporting system | d) Indian Fixed Reporting Standards

12. 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