2025

M.Com. 3rd Semester Examination

COMMERCE

PAPER : COM-303AF

(Corporate Accounting)

Full Marks : 50 Time : Two Hours

The figures in the margin indicate full marks. Candidates are required to give their answers in their own words as far as practicable.

COM 303AF.1

(Marks : 20)

1. Answer any ***two*** questions : 5×2=10

(a) Illustrate the Hekimian and Jones Competitive Bid model of Human resource valuation and its accounting.

(b) The following particulars are obtained from the historic accounts

	Rs.
Opening Stock	50,000
Purchase of material	5,00,000
Closing Stock	80,000

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	Rs.
Opening debtors	1,20,000
Opening creditors	1,00,000
Sales	8,00,000
Closing debtors	2,00,000
Closing creditors	1,50,000

The following further information relating to index numbers are available :

Beginning of the year	150
End of the year	200
Average for the year	180

Calculate the amount of Cost of Sales Adjustment (COSA) and Monetary Working capital Adjustment (MWCA) under Current Cost Accounting method of inflation.

(c) Write any four differences between Value Added Statement and Profit and Loss Statement.

2. Answer any *one* question : 10×1=10

(a) The Balance sheet of Unfortunate Ltd. as on 31st December, 2024 is as follows :

Liabilities	Rs.	Assets	Rs.
Paid-up Capital :		Fixed Assets :	
1,000, 6% Preference		Land and Building	2,00,000
shares of Rs. 100 each	1,00,000	Plant and Machinery	2,20,000
2,000 Equity shares of		Current Assets :	
Rs. 100 each fully paid	2,00,000	Stock	1,00,000
3,000 Equity shares of		Debtors	1,00,000
Rs. 100 each Rs. 50 paid	1,50,000	Cash at Bank	30,000
Secured Loans :		Miscellaneous	
6% Debenture (floating		Expenditure	
charge on all assets)	1,00,000	Profit and Loss A/C	1,00,000
Others (Mortgage on			
Land and Building)	1,00,000		
Current Liabilities :			
Sundry Creditors	90,000		
Income Tax	10,000		
	7,50,000		7,50,000

The Company went into liquidation on 1st January 2025. The Preference dividends were in arrear for three years. The arrears are payable on liquidation.

P.T.O.

The assets were realized as follows :	Rs.
Land and Building	2,80,000
Plant and Machinery	1,80,000
Stock	80,000
Debtors	70,000

The expenses of liquidation amounted to Rs. 10,000. The liquidator is entitled to a commission at 2% on all assets realized and 3% on amount distributed to unsecured creditors. All payments were made on 30th June, 2025. Prepare Liquidator's Statement of Account.

(b) S Ltd. was taken over by Z Ltd. and the balance sheet of S Ltd. on the date of takeover was as follows :

Balance Sheet of S Ltd. on the date of takeover by Z Ltd.

Liabilities	Amount (Rs.)	Assets	Amount (Rs.)
Share Capital :		Non-current assets (Property, plant & equipment)	9,84,000
80,000 equity shares of Rs. 10 each	8,00,000		
3,000, 10% preference shares of Rs. 100 each	3,00,000	Current assets :	
		Inventory	3,85,000
		Trade receivables	2,01,000
Reserves :			
Profit & Loss A/c	2,00,000	Cash in hand	40,000

Current liabilities	1,90,000		
Trade payables	40,000		
Provision for tax	80,000		
	16,10,000		16,10,000

Z Ltd. took over only the assets of S Ltd. at the values shown below :

Property, plant & equipment Rs. 12,80,000, Inventory Rs. 50,000, Trade receivables Rs. 1,50,000.

The purchase consideration was agreed to be settled as below :

(i) Sufficient number of 15% debentures of Rs. 100 each to be issued to the 10% preference shareholders of S Ltd. by Z Ltd. so as to give them same income as before;

(ii) Cash payment of Rs. 4 per equity share of S Ltd;

(iii) The balance to be paid off by issue of equity shares of Rs. 10 each at Rs. 8 per share paid up of Z Ltd.

You are required to :

(i) Show the disbursement of purchase consideration by Z Ltd.

(ii) Pass opening journal entries in the books of Z Ltd.
4+6

COM 303AF.2

(Marks : 20)

3. Answer any *two* questions : 5×2=10

(a) The following balances have been extracted from the Books of Accounts of Secure General Insurance Co. Ltd. for the year ended 31st March 2025. You are required to prepare the Revenue Account in prescribed format asper IRDA Regulations, 2002 and Companies Act 2013 :

	Particulars	**Amount (Rs. lakh)**
(i)	Claims Paid	5,100
(ii)	Reinsurance recoveries on claim	380
(iii)	Commission on direct business	420
(iv)	Commission on reinsurance ceded	100
(v)	Premium received	6,800
(vi)	Reinsurance premium accepted	300
(vii)	Reinsurance premium ceded	400
(viii)	Reserve for unexpired risk (as on 31.03.2024)	3,320
(ix)	Expenses of management including commission	1,200

(x)	Interest and Dividend on investment	320
(xi)	Profit on sale of investment	40
(xii)	Rent, Rate & Taxes	50
(xiii)	Salaries and Wages	300
(xiv)	Printing and Stationery	30
(xv)	Audit Fees	10
(xvi)	Bad Debt	20
(xvii)	Depreciation on Furniture	25
(xviii)	Expenses on Brand building	40

(b) Write short notes on :

(i) Chain Holding

(ii) Unrealised profit on Stock in consolidated accounts. 3+2

(c) (i) What are the main sources of income of local governments?

(ii) Explain the sources of income of local government in brief. 1+4

4. Answer any ***one*** question : 10×1=10

(a) A Ltd. has one subsidiary company B Ltd. The balance sheet of the companies as at 31st March 2025 are as follows :

P.T.O.

	A Ltd. (Rs.)	B Ltd. (Rs.)
Share Capital	5,00,000	4,00,000
Reserve	72,000	40,000
Profit & Loss Account	64,000	8,000
Sundry creditors	41,200	48,000
Fixed Assets	1,12,000	2,20,000
Investment :		
Shares in B Ltd.	3,40,000	—
Shares in C Ltd.	72,000	2,12,000
Stock	48,000	—
Debtors	73,200	64,000

Determine Cost of Control and Minority Interest in the books of A Ltd. from the following additional information :

(i) A Ltd. holds 3,000 shares of B Ltd.

(ii) All investments are made on 30th September, 2024.

(iii) The Balance of P/L Account and Reserve of B Ltd. as on 1st April, 2024 were Rs. 4,000 and Rs. 36,000. 5+5

(b) The following information are available from the books of Star Electricity Supply Company for the year ended 31.3.2025 :

Trial Balance as on 31.3.2025

Debit Balances	Amount (Rs.)	Credit Balances	Amount (Rs.)
Cash in hand	15,000	Equity share capital	20,00,000
Cost of generating electricity	1,40,000	Sundry creditors	2,20,000
Cost of distribution of electricity	85,000	Loan from bank	6,00,000
Store in hand (1.4.2024)	25,000	Sale of electricity	7,80,000
Administration expenses	56,000	Depreciation fund	3,10,000
Rent & Taxes	15,000	Meter rent	90,000
Value of machinery	20,00,000	Balance of Net Revenue A/c as on 1.4.2024	76,000
Addition to machinery	4,00,000		
Cost of Mains	6,00,000		
Mains added	1,00,000		
Depreciation	90,000		
Cost of land	5,00,000		
Interest on loan	50,000		
	40,76,000		40,76,000

P.T.O.

Other information :

Stores in hand on 31.3.2025 Rs. 40,000.

You are required to prepare Revenue A/c, Net Revenue A/c, Capital A/c and General Balance Sheet of Star Electricity Supply Company. 10

Internal Assessment : 10 marks