

B.Com. 4th Semester (Honours) Examination, 2023 (CBCS)

Subject : Financial Accounting-III

Course : CC-VIII (4.2 CH)

(New Syllabus)

Time: 3 Hours

Full Marks: 60

The figures in the margin indicate full marks.

Candidates are required to give their answers in their own words as far as practicable.

দক্ষিণ প্রান্তস্থ সংখ্যাগুলি পূর্ণমান নির্দেশক।

পরীক্ষার্থীদের যথাসম্ভব নিজের ভাষায় উত্তর লিখতে হবে।

1. Answer any ten questions from the following:

2×10=20

নিম্নলিখিত প্রশ্নগুলির থেকে যে কোনো দশটি প্রশ্নের উত্তর দাও :

- What do you mean by Capital Redemption Reserve A/c?
মূলধন প্রত্যর্পণ সঞ্চিতি হিসাব বলতে কী বোঝে?
- What is 'Issue of Debentures as Collateral Security'?
'সহায়ক জামিন হিসাবে ঋণপত্র বিলি' কাকে বলে?
- Show the journal entry regarding Debentures issued at a discount and redeemable at a premium.
অবহারে ঋণপত্র বিলি এবং অধিহারে পরিশোধের ক্ষেত্রে জাবেদা দাখিলাটি দেখাও।
- What are the different classes of Non-current Investments?
বিভিন্ন প্রকারের অচলতি লগ্নি কী কী?
- What do you mean by 'corporate financial statements' under Companies Act, 2013?
কোম্পানি আইন, 2013 অনুযায়ী 'corporate financial statements' বলতে কী বোঝে?
- Mention two features of Goodwill.
সুনামের দুটি বৈশিষ্ট্য উল্লেখ করো।
- What is 'Super-Profit method' of valuation of Goodwill?
সুনাম মূল্যায়নে 'অতি মুনাফা পদ্ধতি' কাকে বলে?
- State two situations when valuation of share is needed.
শেয়ার মূল্যায়নের দুটি কারণ উল্লেখ করো।
- Distinguish between Internal and External Reconstruction of companies.
কোম্পানির অভ্যন্তরীণ ও বাহ্যিক পুনর্গঠনের মধ্যে তুলনা করো।
- What do you mean by 'Capital Reserve' and 'Reserve Capital'?
'মূলধন জাতীয় সঞ্চিতি' এবং 'সঞ্চিতি মূলধন' বলতে কী বোঝে?
- What do you mean by Unrealised Inter-company Profit on stock?
মজুতের উপর অপ্রাপ্ত আন্তঃকোম্পানি মুনাফা বলতে কী বোঝে?

Please Turn Over

- (l) How is Goodwill appearing in the Balance Sheet of subsidiary company treated in the Consolidated Balance Sheet?

অধিকারস্থ কোম্পানির উদ্বর্তপত্রের সুনাম সংবদ্ধ উদ্বর্তপত্রে কীভাবে দেখাবে?

- (m) How are fictitious assets treated in the context of preparing Consolidated Balance Sheet?

সংবদ্ধ উদ্বর্তপত্র প্রস্তুতের সময় ভূয়োসম্পত্তি কীভাবে বিবেচনা করবে?

- (n) Distinguish between 'Interim Dividend' and 'Final Dividend'.

'অন্তর্বর্তীকালীন লভ্যাংশ' এবং 'চূড়ান্ত লভ্যাংশ'-এর মধ্যে পার্থক্য করো।

- (o) Mention any two Free Reserves.

যে কোনো দুটি মুক্ত সঞ্চিতির উল্লেখ করো।

2. Answer any four questions:

5×4=20

যে কোনো চারটি প্রশ্নের উত্তর দাও :

- (a) The capital structure of Good Luck Ltd. consists of 50,000 Equity Shares of ₹ 10 each fully paid up and 3000, 10% Preference Shares of ₹ 100 each, ₹ 80 per share paid up. Undistributed Profits and Reserves are as under:

10% Pref Share

Capital - 253000

Capital redemption

Reserve - 123000

Face value of

from issue - 107000

No. of shares - 10700

General Reserve: ₹ 1,50,000 (out of which a minimum balance of ₹ 50,000 is to be maintained)

Surplus Account: ₹ 30,000.

Investment Allowance Reserve: ₹ 20,000 (out of which ₹ 12,000 is not free for distribution as dividend).

Securities Premium Account: ₹ 8,000.

Preference Shares are now to be redeemed at a premium of 10%. A final call of ₹ 20 per share was made. 100 holders holding altogether 700 shares failed to pay the call money and the Directors went on redemption utilizing the undistributed Profits and Reserves. New Equity shares of ₹ 10 each were issued to the public to the extent necessary to comply with the requirements of law. At the time of redemption, 10 holders holding altogether 320 shares were untraceable.

The Directors decided to maintain a minimum Bank Balance of ₹ 1,50,000 and also agreed to provide necessary sums by way of temporary Loan to the company (free of interest).

Bank Balance immediately before redemption was ₹ 60,000.

Prepare:

- (i) 10% Preference Share Capital Account

- (ii) Preferenceholders Account and

- (iii) Bank Account

Dr.		Cr.	
To Pref. share holder	230000	By Bal	240000
To Bal. cfd	70000	By Pref Share	60000
	300000	By Call	20000
To Bank	217800	By Pref Cap	230000
To Bal.	35200	By Prem. of	20000
	253000	Redm.	253000

- (b) Following particulars are available in respect of the business carried on by Hicks Ltd.:

- (i) Profits earned for three years:

2019-2020 ₹ 4,00,000; 2020-2021 ₹ 4,80,000; 2021-2022 ₹ 4,40,000

- (ii) Normal Rate of Return— 10%

- (iii) Capital Employed— ₹ 24,00,000

- (iv) Profit of 2020-2021 included non-recurring income on an average basis of ₹ 12,000.

- (v) Profit of 2019-2020 is lower by ₹ 20,000 due to excess of Railway freight charged erroneously.

- (vi) Profit of 2021-2022 included income from Investment ₹ 8,000.

Adj Avg Profit 434000

Avg Cap. Employed 218600

Norm. Profit - 218600

SP. - 215400

Goodwill - 1076000

- You are required to calculate the value of Goodwill as per 5 years purchase of Super Profits.**

- You are required to prepare Debenture Redemption Fund Account and Debenture Redemption Fund Investment Account for 5 years. 2.5+2.5

[Re. 1 per year at 4% compound interest amounts to ₹ 5.4163 in 5 years.]

- (d) The Balance Sheet of Bad Ltd. as on 31.03.2021 appears as follows:

	₹
I. Equity and Liabilities	
1. Shareholders' Fund	
(a) Share Capital— 20,000 Eq. Shares of ₹ 100 each, ₹ 60 per share paid up	12,00,000
(b) Surplus (Debit Balance)	(-) 20,40,000
2. Non-Current Liabilities	
Long-term Borrowings:	
Secured Loans: 10% 'A' Debentures	4,00,000
12% 'B' Debentures	10,00,000
Bank Overdraft	1,00,000
3. Current Liabilities:	
Trade Creditors (including Mr. Agarwal for ₹ 17,00,000)	23,00,000
Outstanding Interest on Deb. 'A'	40,000
Outstanding Interest on Deb. 'B'	1,20,000
Total	31,20,000
II. Assets	
1. Non-Current Assets	
(a) Fixed Assets	14,00,000
(b) Investment (Long-term)	20,000
2. Current Assets	
Inventories (Stock)	10,00,000
Debtors (Receivables)	7,00,000
Total	31,20,000

Due to heavy losses the following scheme of re-construction is agreed:

- (i) To make the existing ₹ 100, Equity Shares fully paid up and then reduce them to ₹ 20.
- (ii) To settle the claims of 'A' Debentureholders by issuing 4000, 13% Debentures of ₹ 100 each.

- (iii) To discharge the claim of the 'B' Debentureholders by issuing 15%, 8000 Debentures of ₹ 100 each.
- (iv) To pay ₹ 6,00,000 to Mr. Agarwal in full settlement of his account.
- (v) To allot 30000 fresh equity shares of ₹ 20 each to discharge the remaining trade creditors.
- (vi) Market value of investment is ₹ 40,000.
- (vii) To write off the fictitious assests and to reduce the fixed assets.

Assuming all formalities are duly complied with, pass Journal Entries to give effect to the above scheme.

- (e) What are the due considerations while making the estimate of 'Provision for Taxation' in Joint Stock Company?
যৌথ মূলধনি কোম্পানির 'করব্যবস্থা' নির্ণয়ের জন্য কী কী যথোচিত বিষয় বিবেচনা করতে হয়?
- (f) Distinguish between 'Debenture' and 'Share'.
'ঋণপত্র' এবং 'শেয়ার'-এর মধ্যে পার্থক্য করো।

3. Answer any two questions:

10×2=20

যে কোনো দুটি প্রশ্নের উত্তর দাও :

- (a) The following abridged Balance Sheet of Unfortunate Ltd. as at 31.03.2022 is given below:

	Notes No.	₹
I. Equity and Liabilities		
1. Shareholders' Fund	1	14,40,000
2. Non-Current Liabilities	2	2,00,000
3. Current Liabilities	3	2,20,000
Total Equity and Liabilities (1 + 2 + 3)		18,60,000
II. Assets		
1. Non-Current Assets	4	13,00,000
2. Current Assets	5	5,60,000
		18,60,000

The following scheme of reconstruction has been sanctioned by the Court:

- (i) A new company Fortunate Co. Ltd. is formed with 2,00,000 Equity Shares of ₹ 10 each.
- (ii) The new company will acquire all the Assets and Liabilities of Unfortunate Ltd. on the following terms:
 - (I) Old company's debentures are paid by similar debentures in the new company. The outstanding interest on debenture are paid by the new company by issuing equal amount of equity shares at par.
 - (II) Preference shareholders are to get equal number of equity shares and for one year's arrear dividend these shareholders will get 5 equity shares at par for each ₹ 100 due.

Notes of Accounts:

	₹
1. Share Capital:	
Authorised Share Capital	***
Issued, Subscribed and Paid up capital:	
1,38,000 Equity Shares of ₹ 10 each fully paid up	13,80,000
12%, 1,00,000 Preference Shares of ₹ 10 each fully paid up	10,00,000
	23,80,000
Reserve and Surplus	
Profit and Loss Account Debit Balance (Loss)	(-) 9,40,000
	14,40,000
2. Non-Current Liabilities:	
Long-term Borrowings:	
Unsecured Loan: 10% Debentures	2,00,000
3. Current Liabilities:	
Interest Accrued on Debentures	20,000
Trade Creditors	2,00,000
	2,20,000
4. Non-Current Assets:	
Tangible Assets— Fixed Assets	12,00,000
Intangible Assets— Goodwill	1,00,000
	13,00,000
5. Current Assets:	
Inventories— Stock	2,00,000
Receivables— Debtors	2,40,000
Cash & Cash Equivalents— Cash at Bank	80,000
Miscellaneous Expenditure— Preliminary Expenses	40,000
	5,60,000

(III) The creditors are paid for every ₹ 100 dues ₹ 15 in cash and 10 equity shares issued at par.

(IV) The equity shareholders will get 1 equity share in the new company in exchange of 3 shares held.

(V) The new company will bear the reconstruction expenses of ₹ 20,000.

(iii) Current Assets are to be taken at their book values (except stock which is to be reduced by ₹ 60,000).

(iv) Remaining shares of the new company are to be issued at par and be fully paid.

Assuming the above scheme has been implemented, you are to show:

(i) In the Books of Unfortunate Ltd.— Realisation Account

(ii) In the Books of Fortunate Ltd.— Necessary Journal entries.

The following

Particulars	Notes No.	₹
I. Equity and Liabilities		
1. Share Capital	1	4,00,000
2. Reserve & Surplus	2	1,44,000
Non-Current Liabilities		Nil
Current Liabilities	3	3,76,000
Total		9,20,000
II. Assets		
1. Non-Current Assets		
Tangible Assets	4	4,80,000
Intangible Assets	5	40,000
2. Current Assets		
(a) Inventories		96,000
(b) Trade Receivables		1,76,000
(c) Cash and Equivalents		1,04,000
3. Miscellaneous Expenditure		
Preliminary Expenses		24,000
Total		9,20,000

Besides the above Balance Sheet, the following further information are available as on 31.03.2022:

- Land and Building valued at ₹ 4,80,000; Goodwill valued ₹ 3,20,000 and Plant and Machinery ₹ 2,40,000.
- Depreciation is charged @ 15% on Plant and Machinery and 10% on Building.
- Out of the total Debtors, it is found that Debtors of ₹ 16,000 are bad.
- The Profits of the company were:
2019–20 ₹ 1,60,000; 2020–21 ₹ 1,80,000; 2021–22 ₹ 2,12,000
- The company follows the practice of transferring 25% of Profit to General Reserve.
- Similar type of companies earn at 10% of the value of their shares.

Notes to Accounts:

₹

1. Share Capital:

Equity Share Capital— 4000 Eq. Shares @ ₹ 100 each 4,00,000

2. Reserves and Surplus:	
General Reserve	80,000
Profit and Loss A/c	64,000
3. Current Liabilities:	
Trade Payables: Sundry Creditors	2,56,000
Income Tax	1,20,000
	<u>3,76,000</u>
4. Tangible Assets:	
Non-Current Assets: Land and Buildings	2,20,000
Plant and Machinery	2,60,000
5. Intangible Assets: Patent and Trademark	40,000

Ascertain the value of company's share:

- Under Intrinsic Value method
- Under Yield Value method

5+5

(c) A Ltd. acquired 3000 shares of ₹ 100 each in B Ltd. on 01.10.2020. Balance Sheets of the two companies on 31.03.2021 were as follows:

	A Ltd.	B Ltd.
I. Equity and Liabilities:		
1. Shareholders' Funds		
(a) Share Capital:		
Equity Shares of ₹ 100 each	9,00,000	4,00,000
Preference Share Capital ₹ 100 each	3,00,000	40,000
(b) Reserves and Surplus:		
General Reserves on 01.04.2020	2,00,000	1,10,000
Profit & Loss A/c	2,80,000	1,80,000
2. Current Liabilities		
Creditors	1,60,000	1,00,000
Bills Payable	Nil	40,000
Total Equity and Liabilities	<u>18,40,000</u>	<u>8,70,000</u>
II. Assets:		
1. Non-Current Assets		
(a) Fixed Assets:		
Land and Building	6,00,000	2,60,000
Plant and Machinery	3,30,000	1,80,000
Intangible Assets: Goodwill	70,000	60,000
(b) Investment: 3000 Shares in B Ltd. on 01.10.2020	4,80,000	Nil

2. Current Assets:		
Stocks	2,00,000	1,80,000
Debtors	40,000	1,50,000
Cash in hand	20,000	5,000
Cash at Bank	1,00,000	35,000
Total Assets	18,40,000	8,70,000

Additional Information:

- A dividend of 15% was paid by B Ltd. in October, 2020 for the year ended 31.03.2020.
- Plant and Machinery of B Ltd. in the beginning was ₹ 2,00,000. A Ltd. revalued it by ₹ 1,10,000 more at the time of purchase of shares.
- There was a bonus issue of ₹ 40,000 out of post-acquisition profit by B Ltd.
- Credit Balance of Profit & Loss A/c of B Ltd. on 01.04.2020 was ₹ 1,00,000.
- Included in the Creditors of B Ltd. ₹ 40,000 for goods supplied by A Ltd. Also included in stocks of B Ltd. are goods to the value of ₹ 16,000 which were supplied by A Ltd. at Profit of 25% on sales.

Prepare Consolidated Balance Sheet (giving relevant working notes) as on 31.03.2021.

- Aspi Ltd. was registered with an authorised capital of 2,00,000 Equity Shares of ₹ 10 each. The following is the Trial Balance as on 31.03.2023:

Particulars	Dr. ₹	Cr. ₹
Share Capital: 120000 Equity Shares of ₹ 10 each		12,00,000
Long-term Borrowings from Bank @ 12% Interest p.a. (Loan taken on 01.04.2022)		80,000
Trade Creditors		32,000
Buildings	5,00,000	
Plant and Machinery	3,00,000	
Furniture and Fittings	90,000	
Non-Current Investment	80,000	
Income from Investment		8,000
Sale of Goods		19,20,000
Return Outward		1,68,000
Return Inward	1,60,000	
Stock on 01.04.2022	80,000	
Purchase of Goods	13,28,000	
Electricity	4,000	
Advertisement	44,000	
Discount Allowed	2,500	
Carriage Inward	55,600	
Rent and Taxes	24,000	

Particulars	Dr. ₹	Cr. ₹
Trade Debtors	4,80,000	
Interest on Bank Loan	8,000	
Bad and Doubtful Debts	4,000	
Salary to staff	1,60,300	
Audit fees	8,800	
Selling Expenses	2,000	
Contribution to PF and Gratuity fund	24,000	
Cash at Bank	40,000	
Cash in Hand	12,800	
Interim Cash Dividend	12,000	
Bills Payable		2,000
General Reserve		10,000
Total	34,20,000	34,20,000

Additional Information:

- Closing Stock as on March, 2023 was ₹ 85,000.
- Depreciation is to be provided as follows:
Building @ 10% p.a.; Plant and Machinery @ 20% p.a. and Furniture and Fittings @ 10% p.a.
- Salaries Outstanding as on 31.03.2023 ₹ 24,900.
- Create a Provision for Doubtful Debts at 5% on Trade Debtors.
- Trade Debtors include an amount of ₹ 10,000 due from Mr. Anal and Trade Creditors include ₹ 6,000 due to Mr. Anal.
- Provide for Income Tax (current) ₹ 32,000.
- Final Dividend of ₹ 12,000 was declared on 31.03.2023.

You are required to:

- Prepare a Statement of Profit and Loss for the year ended 31st March, 2023.
 - Prepare a Balance Sheet as on 31.03.2023
- (e) Answer any two questions:
- যে কোনো দুটি প্রশ্নের উত্তর দাও :
- Explain the rules regarding Dividend as per provisions of Company Act, 2013.
লভ্যাংশ সম্পর্কে কোম্পানি আইন, 2013-এর বিধানগুলি কী কী?
 - Discuss the factors those affect the value of Goodwill.
যেসকল বিষয়গুলি দ্বারা সুনামের মূল্য প্রভাবিত হয় সেগুলি ব্যাখ্যা করো।
 - What are the statutory books required to be maintained by a company to comply with the various provisions given in the Companies Act, 2013?
2013 সালের কোম্পানি আইনে প্রদত্ত একটি যৌথ মূলধনি কোম্পানির হিসাবে প্রয়োজনীয় বিধিবদ্ধ বইগুলি উল্লেখ করো।