

2021
COMMERCE
(Corporate Accounting & Reporting)
[HONOURS]
Paper : V
[NEW SYLLABUS]

Full Marks : 100

Time : 4 Hours

*The figures in the right-hand margin indicate marks.**Candidates are required to give their answers in their own words as far as practicable.***Module -I (50 Marks)**

বিভাগ - ক (৫০ নম্বর)

1. Answer any **five** questions: 1×5=5

যে-কোনো পাঁচটি প্রশ্নের উত্তর দাও :

- i) Who ensures true & fair view of financial statements?
আর্থিক বিবরণীর সত্য ও সঠিক কে নিশ্চিত করে?
- ii) Define Right share.
Right শেয়ারের সংজ্ঞা দাও।
- iii) The Institute of Chartered Accountants of India (ICAI) has issued Accounting Standard (AS) _____ on Accounting for Investment.

[Turn over]

লগ্নির হিসাব রক্ষার জন্য (ICAI) হিসাবনিকাশ মান _____ ইস্যু করেছে।

- iv) Define Limited Liability Partnership (LLP).
সীমিত দায়বদ্ধ অংশীদারীত্বের সংজ্ঞা দাও।
- v) Write full form of ESOS and ESPS.
ESOS এবং ESPS এর পুরো নাম লেখ।
- vi) What do you mean by Cum-interest price?
সুদসহ দর বলতে কি বোঝ?
- vii) State the sources of Buy-Back of shares.
শেয়ার Buy-Back-এর উৎসগুলি লেখ।
- viii) What preferences (any two) are attached to a preference share?
অগ্রাধিকার শেয়ারসমূহের অগ্রাধিকারগুলি (যে-কোনো দুটি) কি কি?

2. Answer any **five** questions: 6×5=30

যে-কোনো পাঁচটি প্রশ্নের উত্তর দাও :

- i) What are the components of financial statements? State the importance of such statements.
আর্থিক বিবরণীর উপাদানগুলি লেখ। এই ধরনের বিবরণীর গুরুত্ব আলোচনা কর।
- ii) Lupin Ltd. decided to buy back 60,000 of the equity shares of ₹10 each at a premium of 25%. For this purpose, it issues 5,000 7.5%

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[2]

preference shares of ₹100 at par. The company has ₹80,000 in General Reserve, ₹1,00,000 in profit & Loss Account (Cr.), ₹1,20,000 in Capital Reserve and ₹1,00,000 in securities premium. It was decided to utilise profits and reserves also. Pass journal entries in the books of Lupin Ltd. assuming that the transactions have been duly carried out.

- iii) Write the objectives of issuing Bonus shares by a company. State the sources of bonus issue.

কোন কোম্পানীর দ্বারা বোনাস শেয়ার ইস্যুর উদ্দেশ্যগুলি লেখ। বোনাস শেয়ার ইস্যুর উৎসগুলি লেখ।

- iv) Draw a comparison between traditional partnership and Limited Liability Partnership (LLP).

চিরাচরিত অংশীদারী কারবারের সঙ্গে সীমিত দায়বদ্ধ অংশীদারী কারবারের একটি তুলনামূলক আলোচনা কর।

- v) Green View Ltd. had 4000 8% Redeemable Preference shares of ₹100 each fully paid up. The company had to redeem these shares at a premium of 10%. It was decided by the company to issue 30,000 Equity shares of ₹10 each at par and 1200 12% Debentures of ₹100 each. The issue was fully subscribed and all amounts were received in full. The company

had sufficient profits. All payments were duly made.

Show Journal Entries in the books of company.

- vi) Honey Ltd. issued 10,000 14% Debentures of ₹100 each at a discount of 10% on 1st January 2018, payable on the following terms :

On Application ₹60, on Allotment ₹20 (after adjusting discount) and on Call ₹10.

The issue was fully subscribed and received in full. Pass necessary journal entries (including cash transactions) and also show the relevant portion of Notes to Accounts after issue of the debentures.

- vii) Mr. N. Majumdar held 6% Govt. Bonds and furnishes the details as follows :

01.01.2017 : Opening Balance - Face Value ₹60,000 (cost ₹59000)

01.03.2017 : Purchased 100 units ex-interest at Rs.98

01.07.2017 : Sold 200 units ex-interest at ₹100

01.10.2017 : Purchased 50 units at ₹98 cum interest

01.11.2017 : Sold 200 units ex-interest at ₹99

Mr. Majumdar closes his books every 31st December. Interest dates are 31st March and 30th September. Show the Investment Account in the books of Mr. N. Majumdar.

viii) Mindtree Ltd. has its share capital divided into equity shares of ₹10 each. On 01.10.2016, it granted 20,000 employees' stock option at ₹50 per share, when the market price was ₹120 per share. The options were to be exercised between 10th December 2016 and 31st March 2017. The employees exercised their options for 16,000 shares only and the remaining options lapsed. The company closes its books on 31st March every year. Show journal entries as would appear in the books of the company upto 31st March 2017.

3. Answer any **one** question: 15×1=15
যে-কোনো একটি প্রশ্নের উত্তর দাও :
- i) KPC Ltd. issued ₹4,000 equity shares of ₹10 each at a premium of ₹2 per share payable as follows:
On Application - ₹2
On Allotment - ₹6 (including premium)
On first call ₹2, on final call ₹2.
6,000 shares were applied for and allotment was made pro-rata basis. Excess application money were utilised towards dues on allotment. Mr. Ritobrata who was allotted 120 shares failed to pay first call and final call and these shares were forfeited. Out of the forfeited shares, 100 shares were re-issued to Mr. Madhop as fully paid up for ₹9 per share. Show journal entries and Cash Book of the company and prepare the portion Balance Sheet as per Schedule III of the Companies Act, 2013.
- ii) Mobile Ltd. has ₹1,50,000, 6% Debentures on 1st January 2017. There is no sinking fund for redemption of debentures. Interest is payable on 31st December every year.
On 1.4.2017 ₹10,000 own debentures are purchased at ₹94 by Mobile Ltd. and immediately cancelled.
On 1.6.2017 ₹25,000 own debentures are purchased at ₹95 and held as investment.
On 1.10.2017 ₹30,000 own debentures are

purchased at ₹96 and held as investment.

On 31.12.2017 own debentures kept as investment are cancelled. Show Journal Entries and relevant Ledger Accounts in the books of the company. Date of closing is 31st December.

iii) On 31st March, 2017, the following balances appeared in the books of Sun Pharma Ltd.

| Debits | Amount(₹) | Credits | Amount(₹) |
|---------------------------------------|--------------------|---------------------------|--------------------|
| Interest on Debentures | 60,000 | 12% Mortgage Debentures | 5,00,000 |
| Rates & Taxes | 18,000 | Share Capital | 40,00,000 |
| Stock (1.4.16) | 2,50,000 | General Reserve | 5,00,000 |
| Purchase | 25,00,000 | Unclaimed Dividends | 15,000 |
| Salaries & Wages | 9,50,000 | Provision for Bad Debts | 50,000 |
| Provident Fund Contribution | 30,000 | Trade creditors | 2,50,000 |
| Miscellaneous Expenses | 50,000 | Expenses outstanding | 80,000 |
| Bonus | 24,000 | Visitors' Credit Balance | 10,000 |
| Loss on foreign currency transactions | 15,000 | Staff Provident Fund | 7,50,000 |
| Land | 15,00,000 | Profit & Loss Account | 81,000 |
| Buildings | 50,00,000 | Sales | 51,00,000 |
| Furnitures | 15,00,000 | Miscellaneous Receipts | 65,000 |
| Glassware | 3,20,000 | Depreciation on Building | 20,00,000 |
| Trade Debtors | 3,50,000 | Depreciation on Furniture | 10,00,000 |
| Prepaid Expenses | 25,000 | Depreciation on Glassware | 1,80,000 |
| Advance against purchase of Building | 15,00,000 | | |
| Cash in Hand | 15,000 | | |
| Cash at Bank | 4,74,000 | | |
| | 1,45,81,000 | | 1,45,81,000 |

After taking the information given below, prepare the company's Statement of Profit and Loss for the year ended and its Balance Sheet as on 31st March, 2017 (as per schedule III).

- Stock on 31/03/2017 was valued at ₹3,00,000
- Provision for depreciation
 - : on furniture - ₹1,00,000
 - : on Glassware - ₹20,000
- Make a provision for taxation ₹4,00,000
- The directors decided to recommend a dividend @ 10% on the paid up capital of the company and transfer the remaining balance on Profit & Loss Account to General Reserve.
- The entire paid up share capital of the company consists of fully paid equity shares of ₹10 each.

Module -II (50 Marks)

বিভাগ - খ (৫০ নম্বর)

4. Answer any **five** questions: $1 \times 5 = 5$

যে-কোনো পাঁচটি প্রশ্নের উত্তর দাও :

- Write two importances of Ratio Analysis.
অনুপাত বিশ্লেষণের দুটি গুরুত্ব লেখ।
- Write the concept of funds under working capital concept.
চলতি মূলধনের ক্ষেত্রে ফান্ডের ধারণাটি লেখ।
- Write two utilities of Cash Flow Statement.
নগদান বিবরণীর দুটি উপযোগিতা লেখ।
- What do you mean by Common Size Statement?
সাধারণ রূপ বিবরণী বলতে কী বোঝ?
- Write two forms of amalgamaion.
সংযুক্তিকরণের দুটি রূপের নাম লেখ।
- What do you mean by Company's Internal Reconstruction?
কোম্পানীর অভ্যন্তরীণ পুনঃগঠন বলতে কি বোঝ?
- Write the names of any two methods of Valuation of Goodwill.
সুনাম মূল্যায়নের যে-কোনো দুটি পদ্ধতির নাম লেখ।
- How do you measure Minority Interest?
সংখ্যালঘু স্বার্থ কীভাবে পরিমাপ করবে?

5. Answer any **five** questions: $6 \times 5 = 30$

যে-কোনো পাঁচটি প্রশ্নের উত্তর দাও :

- Calculate funds from operations from the following Statement of Profit and Loss:

HCL Ltd.

Statement of Profit and Loss for the year ended 31st March 2017

| Particulars | Figure for the Current reporting period (₹) |
|--|---|
| a) Revenue from Operations | 5,00,000 |
| b) Other Incomes (See Note 1) | 65,000 |
| c) Total Revenue (a+b) | 5,65,000 |
| d) Expenses : | |
| Cost of materials consumed | 4,00,000 |
| Changes in Inventories of finished goods | 55,000 |
| Employee Benefits Expenses– Salary | 25,000 |
| Depreciation | 4,000 |
| Other expenses (See Note 2) | 24,500 |
| Total Expenses | 5,08,500 |
| e) Net Profit for the pweriod (c–d) | 56,500 |

Notes to Accounts:

| (1)Other Incomes: | (₹) | (2) Other Expenses: | (₹) |
|-------------------------|--------|--------------------------|---------------|
| Profit on sale of plant | 50,000 | Loss on sale of Building | 2,000 |
| Dividend on Investment | 15,000 | Goodwill written off | 20,000 |
| | 65,000 | Discount allowed | 1,000 |
| | | Preliminary Expenses | 1,500 |
| | | Written off | |
| | | | 24,500 |

- ii) Write two advantages of common size statement. 2+4

সাধারণ রূপ বিবরণীর দুটি সুবিধা লেখ।

Prepare a Common Size Income Statement from the following particulars:

| | 31.03.2016 | 31.03.2017 |
|------------------------|------------|------------|
| Sales | 1,00,000 | 1,25,000 |
| Cost of Goods Sold | 60,000 | 75,000 |
| Operating Expenses | 10,000 | 11,000 |
| Non-operating Expenses | 2,000 | 5,000 |
| Tax Rate | 30% | 30% |

- iii) What do you understand by the term 'Capital Employed' in case of valuation of goodwill? Name the methods of valuation of goodwill. Describe any one of the valuation methods of goodwill in brief.

সুন্মামের মূল্যায়নের ক্ষেত্রে নিয়োজিত মূলধন বলতে কি বোঝ? সুন্মাম মূল্যায়নের বিভিন্ন পদ্ধতিগুলির নাম লেখ। যে-কোনো একটি পদ্ধতির সংক্ষিপ্ত বিবরণ দাও।

- iv) Why do companies prepare a funds flow statement in addition to balance sheet and income statement? Is depreciation a source of funds? Justify your answer.

কোম্পানী কি কারণে উদ্ধর্তপত্র ও আয় বিবরণীর বাইরে অতিরিক্ত ভাবে তহবিল প্রবাহ বিবরণী প্রস্তুত করে? অবচয় কি তহবিলের উৎস — তোমার উত্তরের সপক্ষে যুক্তি দাও।

- v) The Balance Sheet of Auto Ltd. as at 31st March, 2017 showed the following position:

| Particulars | Amount(₹) |
|--|------------------|
| I. EQUITY AND LIABILITIES: | |
| 1) Shareholdre's Fund: | |
| a) Share capital - 20,000 Equity shares of ₹100 each | 20,00,000 |
| b) Reserve and Surplus - General Reserve | 6,00,000 |
| Profit & Loss Account | 3,50,000 |
| 2) Share Application Money Pending Allotment | – |
| 3) Non-current Liabilities: | – |
| 4) Current Liabilities: | |
| a) Short term Borrowings - Bank Loan | 3,00,000 |
| b) Trade Payables - Creditors | 4,00,000 |
| c) Short-term provisions - Provision for Taxation | 5,00,000 |
| TOTAL | 41,50,000 |

| Particulars | Amount(₹) |
|---------------------------------|------------------|
| II) ASSETS : | |
| 1) Non-current Assets: | |
| a) Fixed Assets | |
| i) Tangible Assets | |
| Factory premises | 11,50,000 |
| Plant | 10,00,000 |
| 2) Current Assets: | |
| a) Inventories - stock-in-trade | 15,00,000 |
| b) Trade Receivables - Debtors | 5,00,000 |
| TOTAL | 41,50,000 |

Additional Information:

- a) Net profits of the company for the last five years before providing for taxation were as follows:
₹4,10,000, ₹6,40,000, ₹7,00,000,
₹8,50,000, ₹9,00,000
 - b) Managerial Remuneration of ₹60,000 has been charged for every year.
 - c) The market value of assets were:
Stock - ₹15,50,000, Plant - ₹10,40,000,
Factory Premises - ₹12,83,000
 - d) Taxation - 30%
 - e) Goodwill should be valued at 5 years' purchase of super profits.
 - f) Normal rate of return - 10% p.a.
On the basis of above information calculate intrinsic value of shares (if assumptions made, indicate clearly).
- vi) What is pre-incorporation profits and post-incorporation profits? Explain with an example.
- vii) Shine Ltd. adopts the following scheme of Capital Reconstruction:
- a) Each shareholder shall surrender to the company 80% of his holding for the purpose of re-issue to Debenture

holders and creditors so far as required and otherwise for cancellation. Share capital of the company consists of ₹1,00,000 shares of ₹10 each fully paid.

- b) The claim of Debenture holders shall be reduced and they shall receive 45,000 shares of ₹10 each in full satisfaction of their claim of ₹10,00,000 including interest accrued ₹60,000.
- c) The Creditors' claim of ₹4,20,000 shall be reduced by 3/5th of the amount and the balance shall be satisfied by allotting them equity shares from the shares surrendered.
- d) Shares surrendered and not re-issued shall be cancelled.
- e) The debit balance of Profit & Loss A/c amounting to ₹15,25,000 shall be written off.

Journalise the transactions.

viii) From the following information prepare a summarised Balance Sheet in the books of Ramdhanu Ltd as at 31st March 20XX, assuming that the capital is composed of equity shares of ₹10 each.

Liquid Ratio – 1.5

Current Ratio – 2.5

Fixed Asset Proprietorship Fund Ratio – 0.75

Working Capital – ₹1,20,000

Reserve & Surplus – ₹60,000

Bank Overdraft – ₹20,000

6. Answer any **one** question: $15 \times 1 = 15$

যে-কোনো একটি প্রশ্নের উত্তর দাও :

i) The following are the summarised Balance Sheet of KYC Ltd. as on 31st March 2016 and 2017:

**Balance Sheet of KYC Ltd as at 31st March
2016 & 2017**

| Particulars | Note No. | 31.03.2016 (₹) | 31.03.2017 (₹) |
|---|-------------|-------------------|-------------------|
| I. EQUITY AND LIABILITIES | | | |
| 1) Shareholders' Funds: | | | |
| a) Share Capital | (1) | 10,00,000 | 12,50,000 |
| b) Reserve and Surplus | (2) | 4,00,000 | 4,90,000 |
| 2) Share Application Money Pending Allotment | | | |
| | | – | – |
| 3) Non-current Liabilities: | | | |
| a) Long-term borrowings | | 5,00,000 | 4,00,000 |
| 4) Current Liabilities: | | | |
| a) Short-term Borrowings | | – | – |
| b) Trade Payable-Sundry Creditors | | 5,00,000 | 4,00,000 |
| c) Other current liabilities outstanding expenses | | – | – |
| d) Short term provisions | (3) | 1,50,000 | 1,85,000 |
| TOTAL | | 25,50,000 | 27,25,000 |
| II. ASSETS | | | |
| 1) Non-current Assets: | | | |
| a) Fixed Assets | | | |
| i) Tangible Assets | (4) | 12,50,000 | 14,00,000 |
| b) Non-current Investments | | 1,00,000 | 50,000 |
| 2) Current Assets: | | | |
| a) Current Investments | | – | – |
| b) Inventories | | 3,00,000 | 2,80,000 |
| c) Trade Receivable | | 4,00,000 | 4,20,000 |
| d) Cash & Cash Equivalents | (5) | 5,00,000 | 5,75,000 |
| TOTAL | | 25,50,000 | 27,25,000 |

Notes to Accounts :

| (1) | 31.03.16 (₹) | 31.03.17 (₹) | (2) | 31.03.16 (₹) | 31.03.17 (₹) |
|---|-----------------|-----------------|-------------------------------|------------------|------------------|
| Share Capital : | | | Reserve & Surplus: | | |
| Issued, subscribed and paid up capital equity share of ₹10 each | 10,00,000 | 12,50,000 | a) Capital Reserve | - | 10,000 |
| | | | b) General Reserve | 2,50,000 | 3,00,000 |
| | | | c) Profit & Loss | 1,50,000 | 1,80,000 |
| | | | | 4,00,000 | 4,90,000 |
| (3) | 31.03.16 (₹) | 31.03.17 (₹) | (4) | 31.03.16 (₹) | 31.03.17 (₹) |
| Short term Provisions: | | | Tangible Assets: | | |
| a) Provision for Taxation | 50,000 | 60,000 | a) Land & Building | 5,00,000 | 4,80,000 |
| b) Proposed Dividend | 1,00,000 | 1,25,000 | b) Machinery | 7,50,000 | 9,20,000 |
| | 1,50,000 | 1,85,000 | | 12,50,000 | 14,00,000 |
| (5) | | | | | |
| Cash & Cash Equivalents: | | | | | |
| Cash in Hand | 2,00,000 | 1,65,000 | | | |
| Cash at Bank | 3,00,000 | 4,10,000 | | | |
| | 5,00,000 | 5,75,000 | | | |

Additional Information:

- Dividend of ₹1,00,000 was paid during the year ended March 31, 2017
- Machinery during the year purchased for ₹1,25,000
- Machinery of another company was purchased for a consideration of ₹1,00,000 payable in equity shares.
- Income tax provided during the year ₹55,000
- Company sold some investment at a profit of ₹10,000 which was credited in Capital Reserve.

f) There was no sale of machinery during the year.

g) Depreciation written off on land and building ₹20,000

From the above particulars, prepare a Cash Flow Statement for the year ended 31st March 2017 as per AS-3.

- Krishna and Kaveri were partners in a firm sharing profits and losses in the ratio of 3 : 2. The firm was following calendar year as its accounting year. The following is the Balance Sheet of the firm on 31st December 2017.

| Liabilities | Amount (₹) | Assets | Amount (₹) |
|------------------------|-----------------|----------------------|-----------------|
| Partner's Capital: | | Goodwill | 30,000 |
| – Krishna | 2,40,000 | Land & Buildings | 1,00,000 |
| – Kaveri | 2,18,000 | Plant & Machinery | 2,10,000 |
| | | Furniture & Fittings | 1,00,000 |
| Bills payable | 35,000 | Stock in trade | 65,000 |
| Creditors for goods | 25,000 | Debtors | 25,000 |
| Creditors for Expenses | 40,000 | Cash & Bank | 28,000 |
| | 5,58,000 | | 5,58,000 |

On 1.1.2018 a new company MM Ltd. was formed to take over the business of the firm on the following conditions:

a) The company would not take over creditors for Expenses to the extent of ₹17,000.

b) Assets are to be revalued as follows:

Goodwill ₹50,000 Land & Buildings ₹1,08,000, Plant & Machinery 50,000 above book value, Furniture & Fittings to be depreciated by 10%, ₹5,000 of Debtors to be treated bad and of the balance 5% is to be treated doubtful of recovery. Cash and Bank balance remaining after payment to the creditors for expenses not taken over by the company, shall be taken over by the company.

c) The purchase consideration is to be satisfied by issuing 20,000 equity shares of ₹10 each at a premium of 20%, ₹150,000 by issue of 5% preference shares of ₹100 each at par and the balance in the form of 6% Debentures issued at 5% discount.

Pass necessary Journal Entries in the books of the MM Ltd. and prepare its Balance Sheet after acquisition.

iii) The following are the summarised Balance Sheets of Honey Ltd. and its subsidiary Money Ltd. as at 31st March 2018.

**Balance sheets of Honey Ltd. and Money Ltd.
as at 31.03.2018.**

| Particulars | Honey Ltd. (₹) | Money Ltd. (₹) |
|--|-----------------------|--------------------|
| I. EQUITY AND LIABILITIES | | |
| 1) Shareholders' Funds: | | |
| a) Share capital-equity shares ₹100 each fully paid | 20,00,000 | 7,50,000 |
| b) Reserve and surplus: General Reserve Profit & Loss Account | 10,50,000 7,50,000 | 65,000 4,00,000 |
| 2) Share Application Money Pending Allotment | — | — |
| 3) Non-current Liabilities | — | — |
| 4) Current Liabilities: | | |
| a) Short-term Borrowings | — | — |
| b) Trade payable-Sundry creditors | 2,00,000 | 2,97,250 |
| c) Other current liabilities | — | — |
| TOTAL | 40,00,000 | 15,12,250 |
| II. ASSETS | | |
| 1) Non-current Assets: | | |
| a) Fixed Assets | | |
| i) Tangible Assets: | | |
| Freehold Premises | 11,00,000 | 4,45,000 |
| Plant & Machinery | 5,75,000 | 1,60,000 |
| Furniture | 3,05,000 | 90,000 |
| b) Non-current Investments- 5000 equity shares in Money Ltd. | 9,00,000 | — |
| 2) Current Assets: | | |
| a) current Investments | — | — |
| b) Inventories-stock-in-trades | 5,10,000 | 3,40,250 |
| c) Trade Receivable Sundry Debtors | 4,85,000 | 4,11,000 |
| d) Cash & Cash Equivalents-Cash in Hand | 1,25,000 | 66,000 |
| TOTAL | 40,00,000 | 15,12,250 |

You are to prepare a Consolidated Balance Sheet as at 31.03.2018 showing necessary adjustments and taking into consideration the following information:

- a) Honey Ltd. acquired shares of Money Ltd. on 01.07.2017
- b) On 01.04.2017, Money Ltd. has ₹45,000 in General Reserve and ₹3,30,000 credit balance on Profit and Loss Account.
- c) Creditors of ₹2,00,000 in the books of Honey Ltd. on 31.03.2018 included a sum of 1,20,000 payable to Money Ltd. for credit purchases of goods on which the later company made a profit of 30,000 in the current year.
- d) Money Ltd. declared and paid interim dividend of 20% p.a. on 01.09.2017
- e) Stock of ₹5,10,000 of Honey Ltd. on 31.03.2018 included unsold goods purchased from Money Ltd at a cost of ₹90,000
