

B.Com. 4th Semester (Honours) Examination, 2024 (CBCS)

Subject : Financial Accounting-III

Course : CC-VIII (4.2 CH)

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 :

(a) What is redeemable preference share?

পরিশোধযোগ্য অগ্রাধিকার শেয়ার কাকে বলে?

(b) What are the sources from which preference shares can be redeemed?

কোন কোন উৎস থেকে অগ্রাধিকার শেয়ারের মূল্য পরিশোধ করা যায়?

(c) What do you mean by convertible debenture?

রূপান্তরযোগ্য ঋণপত্র বলতে কী বোঝো?

(d) What do you mean by consolidated balance-sheet?

সংযুক্ত উদ্বর্তপত্র বলতে কী বোঝো?

(e) What do you mean by Amalgamation of companies?

কোম্পানিসমূহের একত্রীকরণ বলতে কী বোঝো?

(f) What is pre-acquisition profit?

প্রাক-অধিগ্রহণ মুনাফা কী?

(g) How do you calculate minority interest?

সংখ্যালঘুদের স্বার্থ তুমি কীভাবে নির্ণয় করবে?

(h) What is Inherent Goodwill?

সহজাত সুনাম কাকে বলে?

(i) What do you mean by intrinsic value of share?

শেয়ারের অন্তর্নিহিত মূল্য বলতে কী বোঝো?

(j) What is the purpose of 'capital reduction account'?

'মূলধন হ্রাসকরণ হিসাবখাত'-এর উদ্দেশ্য কী?

✓ (k) Show the journal entry regarding debentures issue at par but redeemable at a premium.

সমহারে ঋণপত্র বিলি এবং অধিহারে পরিশোধ এর ক্ষেত্রে জাবেদা দাখিলাটি দেখাও।

(l) What is Purchase Consideration?

ক্রয়-প্রতিদান কী?

(m) What is Amalgamation Adjustment Account?

'একত্রীকরণ মিলকরণ হিসাব' কী?

✓ (n) Differentiate between Holding Company and Subsidiary Company.

হোল্ডিং কোম্পানি ও অধীনস্থ কোম্পানির মধ্যে পার্থক্য করো।

✓ (o) What do you mean by Non-Trading Assets?

অ-ব্যবসায়িক সম্পত্তি বলতে কী বোঝো?

2. Answer any four questions:

5×4=20

যে কোনো চারটি প্রশ্নের উত্তর দাও :

(a) Distinguish between Pooling of Interest Method and Purchase Method of Amalgamation of companies. 5

কোম্পানিসমূহের একত্রীকরণের Pooling of interest method ও Purchase method এর মধ্যে পার্থক্য করো।

(b) The capital structure of X Ltd. is given below:

Equity share capital (₹ 100 each)	₹ 18,00,000
12% preference share capital (₹ 10 each)	₹ 9,00,000
10% debentures	₹ 13,00,000
13% term loan	₹ 24,00,000
Reserves and surplus	₹ 6,00,000

The average profit of the company before payment of interest and income tax is ₹ 14,00,000.

The income tax rate is 25%.

Calculate the value of equity shares of the company assuming price earnings ratio is 10.

5

- (c) The capital structure of a company as on 31.3.2023 consisted of 20,000 equity shares of ₹ 10 each fully paid-up and 1000, 8% Redeemable Preference shares of ₹ 100 each fully paid up. Undistributed reserves and surplus were as under:

General Reserve	₹ 80,000
Balance in statement of profit and loss	₹ 32,000
Securities premium	₹ 12,000

Cash at bank amounted to ₹ 98,000. Preference shares are to be redeemed at a premium of 10% and for the purpose of redemption, the directors are empowered to make fresh issue of equity shares at par after utilising the reserves and surplus subject to the condition that a sum of ₹ 25,000 shall be retained in General Reserve.

Pass necessary journal entries to give effect to the above arrangement and also all relevant workings, assuming that the company's financial statement complies with accounting standard.

4+1

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- (d) Calculate the value of goodwill under a) 5 years purchase of super profit method and b) capitalisation of average profit method from the following information:

(i) Capital employed as per last Balance Sheet ₹ 6,30,000

(ii) Normal rate of profit 10%

(iii) Net profit before tax (tax rate 35%)

1st year ₹ 1,05,000; 2nd year ₹ 1,45,000; 3rd year ₹ 1,75,000; 4th year ₹ 2,00,000;
5th year ₹ 1,50,000;

(iv) Non-trading income ₹ 5,000 and interest on long-term borrowings ₹ 10,000 on an average included in the statement of profit and loss.

(v) Fixed assets revalued by ₹ 20,000 more than the Balance Sheet value.

Use simple average method for determining profit and ignore depreciation on increase in value of fixed assets.

3+2

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- (e) The following balances appeared in the books of A Ltd. as on 01-04-2023:

13% Debentures Account ₹ 14,00,000

Debenture redemption fund account ₹ 12,70,000

Debenture redemption fund investment
(nominal value = cost) ₹ 12,70,000

The company sold its investment for ₹ 15,00,000 and redeemed the debentures at par on 1st April, 2023.

Prepare 13% Debenture Account, Debenture Redemption Fund Account and Debenture Redemption Fund Investment Account in the books of the company.

1+2+2

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- (f) Explain the need for valuation of shares.

শেয়ারের মূল্যায়নের প্রয়োজনীয়তা ব্যাখ্যা করো।

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3. Answer any two questions from the following:

10×2=20

নীচের যে কোনো দুটি প্রশ্নের উত্তর দাও :

(a) The Balance Sheet of Bad Luck Ltd. as on 31-03-2023 is as below:

Particulars	Amount (₹)
I. Equity and Liabilities	
1. Shareholders' funds:	
(a) Share Capital	
(i) equity share capital (₹ 10 each)	7,50,000
(ii) 7% cumulative preference share capital (₹ 100)	1,50,000
(b) Reserves and Surplus	
Balance in statement of profit and loss	(7,50,000)
2. Non-Current Liabilities	
Long-term borrowing-8% debentures	1,50,000
3. Current Liabilities	
Trade payable Trade creditors	7,50,000
Total	10,50,000
II. Assets	
1. Non-Current Assets:	
(a) Fixed Assets	
(i) Tangible Assets:	
Building	1,50,000
Machinery	6,00,000
(ii) Intangibles (Goodwill)	60,000
2. Current Assets:	
(a) Inventories (Stock)	90,000
(b) Trade Receivables-Sundry Debtors	1,35,000
(c) Cash and Cash Equivalents-Bank	15,000
Total	10,50,000

Note: Contingent liability for arrear preference dividend for 3 years.

A Scheme of internal reconstruction is approved by the court in the following lines:

- Paid-up value of equity share capital is to be reduced to 10%.
- Preference shareholders are to be issued 8%, 7 preference shares of ₹ 10 each in exchange of each existing preference share.

- (c) Preference shareholders are to be issued similar preference share for one-third of arrear dividend. The balances of arrear dividend are to be cancelled.
- (d) 8% Debenture holders agreed to sacrifice 20% of their claim for increase of interest to 10%.
- (e) Building is valued at ₹ 2,25,000.
- (f) Losses and intangible assets are to be written off.

Pass necessary journal entries giving effect to the above scheme and prepare a revised Balance Sheet of the company.

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- (b) On 1st July, 2022 H Ltd. acquired 24,000 shares of ₹ 10 each in S Ltd. at a cost of ₹ 3,40,000. The balance sheets of the two companies as on 31st March, 2023 were as follows:

	H Ltd.	S Ltd.
Equity and Liabilities		
Shareholders' Funds		
Share Capital (share of ₹ 10 each)	15,00,000	4,00,000
Reserves and surplus	10,00,000	4,70,000
Current Liabilities:		
Trade payables	5,00,000	2,04,000
Total	<u>30,00,000</u>	<u>10,74,000</u>
Assets		
Non-Current Assets		
Fixed Assets:		
Tangible	12,50,000	4,00,000
Intangible (goodwill)	5,00,000	1,40,000
Investment	3,40,000	---
Current Assets:		
Inventories	3,00,000	80,000
Trade receivables	4,70,000	3,30,000
Cash and Bank	1,40,000	1,24,000
Total	<u>30,00,000</u>	<u>10,74,000</u>

Notes to Accounts:

	H Ltd. (₹)	S Ltd. (₹)
1. Reserves and surplus:		
General reserve (on 01-04-2022)	6,00,000	3,00,000
Surplus account	4,00,000	1,70,000
	<u>10,00,000</u>	<u>4,70,000</u>
2. Trade payables:		
Creditors for goods	3,60,000	84,000
Bills payable	1,40,000	1,20,000
	<u>5,00,000</u>	<u>2,04,000</u>
3. Trade receivables:		
Debtors for goods	3,50,000	2,70,000
Bills receivable	1,20,000	60,000
	<u>4,70,000</u>	<u>3,30,000</u>

On 1st April, 2022 the surplus account of S Ltd. had a balance of ₹ 80,000 out of which a dividend of 15% was paid in September, 2022. The bills payable of S Ltd. represented bills issued in favour of H Ltd. which company still held ₹ 80,000 of the bills accepted by S Ltd. Half of the closing inventories of S Ltd. represents goods supplied by H Ltd. at cost plus 25%.

Prepare the consolidated Balance Sheet of two companies as on 31st March, 2023.

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(c) Answer any two questions from the following:

5+5=10

নীচের যে কোনো দুটি প্রশ্নের উত্তর দাও :

(i) Distinguish between asset backing method and earning capacity method of valuation of shares.

শেয়ারের মূল্যায়নের সম্পত্তি ভিত্তিক পদ্ধতি ও মুনাফা অর্জন ভিত্তিক পদ্ধতির পার্থক্য করো।

(ii) Discuss the provisions of the Companies Act, 2013 relating to redemption of redeemable preference shares.

পরিশোধযোগ্য অগ্রাধিকার শেয়ার পরিশোধের জন্য কোম্পানি আইন, 2013-এর বিধানগুলি আলোচনা করো।

(iii) Distinguish between internal reconstruction and external reconstruction.

কোম্পানিসমূহের অভ্যন্তরীণ পুনর্গঠন ও বাহ্যিক পুনর্গঠনের মধ্যে পার্থক্য করো।

(d) The following is the trial balance Alfa Ltd. as at 31st March, 2023:

	Debit (₹)	Credit (₹)
Stock on 1st April, 2022	80,000	-----
Purchase and sales	2,50,000	4,00,000
Purchase return	-----	5,000
Carriage inward	1,050	-----
Wages	25,000	-----
Salaries	10,000	-----
Discount received	-----	4,000
Furniture and fittings	20,000	-----

	Debit (₹)	Credit (₹)
Rent	5,000	-----
Sundry expenses	8,250	-----
Balance of profit and loss (01-04-2022)	-----	25,000
Share capital (subscribed and paid-up) ₹ 10 each	-----	1,00,000
Interim dividend	8,000	-----
Debtors and creditors	26,200	15,500
Plant and machinery	1,23,000	-----
General Reserve	-----	10,000
Patent	4,000	-----
Bills Receivable and Bills Payable	3,000	4,000
	5,63,500	5,63,500

Prepare Statement of Profit & Loss for the year ended 31st March, 2023 and Balance Sheet as on that date as per schedule-III of the Companies Act, 2013, taking into consideration the following adjustments:

- Stock on 31st March, 2023 was valued at ₹ 98,000.
- Depreciate plant and machinery @15% and furniture and fittings @10%.
- On 31st March, 2023 outstanding rent amount to ₹ 800 while outstanding salaries amounted to ₹ 1,200.
- Make a provision for doubtful debts @5%.
- Provision for tax is to be made @30%.
- The directors proposed dividend @10% for the year ended 31st March, 2023 excluding interim dividend and decided to transfer ₹ 10,000 to General Reserve.
- Patents have a life of 4 years.

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