

S.R.P. COLLEGE
B.Com (Hons) Part III
Corporate Accounting
Full marks - 20

1. Answer any one question.

10x1 = 10

(a) From the following Balance Sheet and information given below, prepare a Consolidated Balance Sheet as per Schedule III of The Companies Act-2013.

BALANCE SHEET
as at - 31st Dec. 2019

Liabilities	H Ltd.		Assets	S Ltd.	
	Rs.	Rs.		Rs.	Rs.
Share Capital:			Sundry Assets:		
Share of Rs. 1 each			Stock	5000	12000
July 2019	10000	2000	Debtors	6100	2400
Profit & Loss A/c	4000	1200	Bills Receivable	1300	1700
Reserve	1000	600	Share in S. Ltd.	100	-
Creditors	2000	1200	1500 Shares of Rs. 1 each	1500	-
Bills payable	-	300			
	<u>17000</u>	<u>5300</u>		<u>17000</u>	<u>5300</u>

(i) All the profits of S Ltd. have been earned since the shares were acquired by H Ltd. but there was already the reserve of Rs. 600 at the date of acquisition.

(ii) The bills accepted by S Ltd. are all the favour of H Ltd. and the latter has discounted bills valued at Rs. 200.

(iii) Sundry assets of S Ltd. are undervalued by Rs. 200.

(iv) The stock of H Ltd. includes Rs. 500 bought from S Ltd. at a profit to latter of 25% on cost.

(b) PARNAB Ltd. furnishes the following summarized Balance Sheet as at 31st March 2019.

Liabilities	Rs. in Lakhs	Assets	Rs. in Lakhs
Equity Share Capital (fully paid up shares of Rs. 10 each)	1200	Machinery	1800
Securities premium	175	Investment	75
General Reserve	265	Inventory	600
Capital Redemption Reserve	200	Trade Receivable	260
Profit & Loss A/c	170	Cash at Bank	740
12% Debentures	750	Furniture	226
Trade Payables	745		
Other Current Liabilities	195		
	<u>3700</u>		<u>3700</u>

On 1st April 2019, the Company announced the buy back of 25% of its equity shares @ Rs. 15 per share.

For this purpose, it sold all of its investments for Rs 75 lakhs.

On 5th April, 2019 the Company achieved the target of buy back. On 30th April, 2019 the Company issued one fully paid up equity share of Rs. 10 by way of bonus for every four equity shares held by the equity share-holders.

You are required to:

- (i) pass necessary journal entries for the above transactions.
- (ii) prepare Balance Sheet of PARNAG Ltd. after bonus issue of the shares as per Schedule III of The Companies Act-2013.

② Answer any one question.

10x12=120

- (a) (i) Can preference shares be also issued with differential rights? Explain in brief.
(ii) Explain the Conditions under Companies (Share Capital and Debentures) Rules, 2014 to deal with equity shares with differential rights.

(b) The following balances appeared in the books of PARASHREE Ltd. (Unlisted Company other than AIFP, Banking Company, NBFC and HFC) as on 1-4-20.

(i) 12% Debentures Rs. 750,000

(ii) Balance of DRR Rs. 25,000

(iii) DRR investment 1,12,500 represented by 10% of Rs. 1,125 Secured Bonds of the Government of India of Rs. 100 each.

Annual contribution of the DRR was made on 31st March every year. On 31-3-2021 balance at Bank was Rs. 7,50,000 before receipt of interest. The investment were realised at par for redemption of debentures at a premium of 10% of the above date.

You are required to prepare the following accounts for the year ended 31st March 2021.

- (1) Debenture Account—
- (2) DRR Account—
- (3) DRR Investment Account—
- (4) Bank Account—
- (5) Debentures Holders Account—

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Beldanga, Murshidabad

Internal Assessment-2020

B.Com. Part-III (Hons.)

Accounting Standards & Auditing

Paper- H.VI.

Time: 1 Hr.

F.M.-20

1. Answer any two (2) questions: 2x1 = 2
- a) Write any two sources of revenue for which AS-9 is not applicable?
 - b) What does the AS-29 deal with?
 - c) What is the full form of IFRSs?
 - d) What is meant by vouching?
 - e) What is meant by unmodified audit opinion?
2. Answer any three (3) questions: 3x2=6
- a) What is meant by Contingent Liabilities?
 - b) Write the two methods used for calculating revenue from rendering of services as per AS-9.
 - c) Define Contingent Liability as per AS-29.
 - d) What is meant by Tax Audit?
 - e) What is meant by verification of assets?
 - f) Name the two people who are not eligible as auditor of company under the Companies Act 2013.
3. Answer any two (2) questions: 2x6=12
- a. What are the events or accounting treatments to which AS 29 is not applied?
 - b. Matrix Ltd contracted with a Supplier to purchase a specific Machinery to be installed in Department A in two months time. Special Foundations were required for the Plant, which were to be prepared within this supply lead time. The cost of site preparation and laying foundations were Rs.47,290. These activities were supervised by a Technician during the entire period, who is employed for this purpose of Rs.15,000 per month. The Technician's Services

were given to Department A by Department B, which billed the services at Rs.16,500 per month after adding 10% profit margin.

The Machine was purchased at Rs.52,78,000. Sales Tax was charged at 4% on the Invoice. Rs.18,590 Transportation Charges were incurred to bring the Machine to the Factory. An Architect was engaged at a fee of Rs.10,000 to supervise machinery installation at the Factory Premises. Also, payment under the invoice was due in 3 months. However, the Company made the payment in the 2nd month. The Company operates on Bank Overdraft @ 11%.

Ascertain the amount at which the asset should be capitalized under AS 10.

- c. Write about the companies which were required to comply with the Indian Accounting Standards (Ind AS) for the accounting period beginning on or after 1st April, 2017 as per Companies (Accounting Standards) Rules 2015.
- d. How will you, as an auditor verify Patent and Copy Right?
- e. Write the provision of sec.139 of the Companies Act 2013 regarding the appointment of auditor.
- f. Distinguish between Auditor's Report and Auditor's Certificate.

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Internal Assessment-2020

B.Com. Part-III (Hons.)

Financial Management and Capital Market

Paper-H.VII.

Time: 1 Hr.

F.M.-20

1. Answer any two (2) questions:

2x1 = 2

- What is meant by specific cost of capital?
- What is working capital?
- What is leverage?
- What is distributable profit?
- What is meant by Secondary Market?
- Write full form of CDSL.

2. Answer any three (3) questions:

3x2=6

- How marginal cost of capital differs from average cost of capital.
- What is financial leverage?
- Why capital budgeting is so important?
- What is Credit Rating?
- How to calculate Pay Back Period?
- Why do companies pay dividend?

3. Answer any two (2) questions:

2x6=12

- From the following information extracted from the books of a manufacturing concern, compute the operating cycle in days-

Period covered:	365 days
Average period of credit allowed by supplies-	16 days
Average total of debtors outstanding	Rs. 4,80,000
Raw-Material Consumption	Rs. 44,00,000

Total Production Cost	Rs.1,00,00,000
Total Cost of Sales	Rs.1,05,00,000
Sales for the year	Rs.1,60,00,000
Value of Average Stock maintained-	
Raw material	Rs. 3,20,000
Work-in-progress	Rs. 3,50,000
Finished Goods	Rs. 2,60,000

b) The Balance Sheet of Maxx Company as on 31.03.17 is :

Liabilities	Rs.	Assets	Rs.
Equity capital (Rs.10 per share)	60,000	Net Fixed Assets	1,50,000
10% Long-term Debt	80,000	Current Assets	50,000
Retained Earnings	20,000		
Current Liabilities	40,000		
	2,00,000		2,00,000

The Company's total assets turnover ratio is 3:0. Its fixed operating costs are Rs.1,00,000 and its variable operating cost ratio is 40%. The income tax rate is 50%.

Calculate for the company the Operating and Financial Leverage.

- What are the advantages and disadvantages of Net Present Value (NPV) method of project evaluation?
- Write in brief the Walter's Model of Dividend Policy.
- Distinguish between New Issue Market and Secondary Market.
- Distinguish between Book Building Method and Private Placement method of issuing securities.

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Internal Assessment-2020

B.Com. Part-III (Hons.)

Honours Practical on Accounting & Taxation and Computer Applications

Paper-H.VIII.

Time: 1 Hr.

F.M.-20

1. Answer any two (2) questions:

2x1 = 2

- What is Debit Voucher?
- What is Challan?
- What is Contra Entry?
- Which form is used to apply for TAN?

2. Answer any three (3) questions:

3x2=6

- Distinguish between challan and invoice.
- Write about Goods receipt Note.
- Why trial balance is prepared?
- When money is withdrawn from the bank, the bank.....
(debits/credits) the account of the customer.
- Draw a Pie Chart.
- Draw a Bar Chart.

3. Answer any two (2) questions:

2x6=12

- Journalise the following transactions, post them in the Ledger and prepare Trial Balance as on 31st March.xxxx
 - Rahim started business with capital of Rs.10,000.
 - He purchased goods from Mohan on credit Rs.2,000.
 - He paid cash to Mohan Rs.1,000.
 - He sold goods to Suresh on credit Rs.2,000.
 - He received cash from Suresh Rs.1,000.

6. He further purchased goods on credit from Mohan Rs.2,000.
 7. He paid cash to Mohan Rs.1,000.
 8. He further sold goods on credit to Suresh Rs.2,000.
 9. He received cash from Suresh Rs.2,000.
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- b) Write about the importance of Bank Reconciliation Statement.
 - c) Write about various Income Tax Return (ITR) Forms used in India.
 - d) Write about various tax-saving deductions available under section 80C of the Income Tax Act 1961 in India.