2022

COMMERCE AND ACCOUNTANCY

PAPER-I

Time Allowed — 3 Hours *Full Marks — 200*

If the questions attempted are in excess of the prescribed number, only the questions attempted first up to the prescribed number shall be valued and the remaining ones ignored.

Answers may be given either in ***English*** *or in* ***Bengali*** *but all answers must be in one and the same language.*

Answer one question each from the following five groups.

Group-A

1. From the following Trial Balance of ABC and the additional information, prepare a Trading and Profit and Loss Account for the year ending on 31st December, 2021 and a Balance Sheet as at that date:

Dr. Cr.

Particulars	(₹)	Particulars	(₹)
Machinery	1,24,900	Provision for Debtors	4,100
Buildings	8,72,560	Capital	1,48,900
Salaries & Wages	34,800	Provision for Depreciation on Machinery	23,000
Sales Ledger Balance	1,64,800	Provision for Depreciation on Building	1,12,700
Purchases	1,10,800	Purchase Ledger Balance	1,42,600
Return	4,100	Sales	6,86,220
Carriage Inward	5,900	Return	5,230
Carriage Outward	6,300	Bad debt Recovery	1,800
Bad debt	6,900	Bills Payable	6,900
Due from Consignee	1,800	Bank Overdraft	3,12,500
Depreciation on Machinery & Building	11,600	Goods sent on consignment	6,400
Bills Receivables	13,000	Consignment Profit	1,300
Freight on Purchase	3,600		
Freight on Sales	5,700		
Provision on Creditors	1,500		
Drawings	20,800		
Bank	23,900		
Advertisement	6,090		
Commission to Purchase Manager	6,100		
Commission to Sales Manager	7;900		
Octroi	4,500		
Income Tax	4,700		
Consignment Stock	3,500		
Sundry Expenses	5,900		
	14,51,650		14,51,650

(vii) The notes to Balance Sheet relating to share capital includes the following:

	Share Capital	(₹)	(₹)
(a)	Subscribed and fully paid-up		
	18,000 equity shares of ₹ 10 each		1,80,000
(b)	Subscribed but not fully paid-up		
	6,000 equity shares of ₹ 10 each	60,000	
	(less) calls-in-arrear @ ₹ 3 per share	18,000	
			42,000
			2,22,000

After forfeiting the shares on which the call money is outstanding, they were re-issued at ₹ 5 per share, ₹ 7 paid-up and the other fully paid-up shares were reduced to ₹ 7 per share paid-up. [2+2+2+3+3+3+5=20]

(b) Equity Liabilities & Assets of ABC Ltd. as on 31/3/21 are as follows:

		(₹)
I.	Equity and Liabilities	
	1. Shareholder's Fund:	
	(a) Share Capital:	
	8,00,000 Equity shares of ₹ 10 each	80,00,000
	(b) Reserves and Surplus:	
	(i) Securities Premium Account	8,00,000
	(ii) General Reserve	72,00,000
	2. Non-Current Liabilities:	
	Secured Loan: 13% Debentures	40,00,000
	3. Current Liabilities	40,00,000
		2,40,00,000
II.	Assets:	
	1. Non-Current Assets:	
	Fixed Assets	80,00,000
	2. Current Assets:	
	(a) Stock-in Trade	48,00,000
	(b) Sundry Debtors	40,00,000
	(c) Bank Balance	72,00,000
		2,40,00,000

It was decided at the meeting of the shareholders:

(a) to buyback 20% of the equity shares @ ₹ 12 per share;

(b) to utilize the general reserve for buy back of shares;

(c) to utilize securities premium reserve for premium payable on buyback of shares.

Pass the Journal entries and draw up the Balance Sheet after the above transactions have been given effect to. [8+12=20]

4. (a) ABC Ltd. issued 30,000 equity shares of ₹ 10 each at a premium ₹ 10 per share payable as follows:

On application: ₹ 3 per share; on allotment: ₹ 13 per share (including premium); on call: ₹ 4 per share.

Applications were received for 50,000 shares. Excess application money was refunded by the company in due time.

Mr. P, the holder of 2500 shares failed to pay the allotment money on his subsequent failure to pay the call money, the shares were forfeited. Later on the forfeited shares were re-issued at par.

Show the Journal entries and Cash Book entries in the books of ABC Ltd. Show all the workings. [15+15=30]

(b) (i) Explain the objectives and benefits of buy back of shares.

(ii) Explain the rationale behind re-issue of shares. [5+5=10]

Group-C

5. (a) ABC toys manufacture 1000 pices of toys when working at normal capacity. It incurs the cost of ₹ 16 in manufacturing one unit. The details of this cost is given below:

Direct Material — ₹ 7·5; Direct Labour — ₹ 2;

Variable Overheads — ₹ 2·5; Variable selling & administrative expenses — ₹ 0·50.

Fixed Cost — ₹ 4; Sale Price — ₹ 20; Variable selling and administrative expenses are not included in the cost of ₹ 16.

During the next 3 months, only 500 units can be produced and sold. Management plans to close down the factory estimating that the fixed manufacturing cost can be reduced to ₹ 2,000 for the quarter.

When the plant is operating, the fixed overhead costs are incurred at a uniform rate throughout the year. Additional cost of plant shut down for the three months is estimated at ₹ 2,800.

Should the plant be shut down for three months? Calculate the shut down point for three months in units of products. 15

(b) The following data is of PQR manufacturing company:

Costs	Variable cost (% of Sales)	Fixed cost (₹)
Direct material	23·8	
Direct labour	18·4	
Factory overheads	21·6	37,980
Distribution expenses	4·1	11,680
General & administrative expenses	11·1	13,340

Budgeted sales for the next year are ₹ 3,70,000.

Calculate the following:

(i) The sales required to break even.

(ii) Profit at the budgeted sales volume.

(iii) The profit if actual sales increase by 5% from the budgeted sales.

(iv) If there is drop by 10% from the budget sales in terms of actual sales, what will be the new profit? [15]

Additional Information:

(a) X Ltd. acquired its interest in Y Ltd. On 1st January, 2020. When the balance to the General Reserve Account of Y Ltd. was ₹ 1,80,000.

(b) The Balance to the Profit & Loss Account of Y Ltd. as on 31st December, 2020 was arrived at as under—

		(₹)
Balance on 1/1/20		40,000
Current Profit (including dividends)		2,04,000
		2,44,000
Less. Transfer to General Reserve	20,000	
Proposed Dividend	84,000	
		1,04,000
Balance as on 31/12/20		1,40,000

(c) Balance to the Profit & Loss Account of Y Ltd. as on 1/1/2020 was after providing for dividends on Preference shares and 10% dividends on Equity shares for the year ended 31st December, 2019. These dividends were paid in cash by Y Ltd. in May 2020.

(d) No entries have been made in the books of X Ltd. for debenture interest due as for proposed dividends of Y Ltd. for the year ended 31/12/20.

(e) Mutual Indebtedness of ₹ 24,000 is reflected in the balance shown in the Balance Sheet.

(f) Y Ltd. in October 2020 issued fully paid up bonus shares in the ratio of one share for every four shares held by utilizing the general reserve. This was not recorded in the books of both the companies.

(g) Dividend paid by Y Ltd. for 2019 was created to Profit & Loss Account of X Ltd. instead of crediting to investments in subsidiary Company Account.

(h) X Ltd. acquired both the Equity Shares and Preference Shares of Y Ltd. on 1st January, 2020.

From the above information prepare the consolidated Balance Sheet of X Ltd. and its subsidiary Y Ltd. as at 31/12/2020. Show all the workings as a part of your answer. [40]

10. Write short notes on the following: [5×8=40]

(a) Input Tax Credit

(b) Idle Time and its impact on Labour Variances

(c) Machine Hour Rate

(d) Unrealised Profit on stock in case of Holding Company and its calculation

(e) Deductions under section 80C

(f) Deductions under section 80G

(g) Primary and Secondary Distribution in Overheads

(h) Suspense Account.