

B.Com. 5th Semester (Honours) Examination, 2019 (CBCS)

Subject : Financial Accounting-III

Paper : CC-11 (5·1 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:

2×10=20

যে কোনো দশটি প্রশ্নের উত্তর দাও :

- (a) What do you mean by 'Issued Share Capital' of a joint stock company?
একটি যৌথ মূলধনী কোম্পানীর 'বিলিকৃত শেয়ার মূলধন' বলতে কী বোঝো?
- (b) What is 'Right share'?
'অধিকার শেয়ার' কী?
- (c) Why 'Capital Redemption Reserve' is created?
'মূলধন প্রত্যর্পন সঞ্চিতি' সৃষ্টি করা হয় কেন?
- (d) What do you mean by 'Underwriting Commision'?
'দায় গ্রাহকের দস্তুরি' বলতে কী বোঝো?
- (e) What is 'Profit prior to Incorporation' of a joint stock company?
একটি যৌথ মূলধনী কোম্পানীর 'নিগমবদ্ধ হওয়ার আগে মুনাফা' কাকে বলে?
- (f) What do you mean by 'Capitalisation of Profits'?
'লাভের মূলধনায়িতকরণ' বলতে কী বোঝো?
- (g) What is 'Average Profits' method of valuation of Goodwill?
সুনাম মূল্যায়নের 'গড় মুনাফা' পদ্ধতি কাকে বলে?
- (h) What do you mean by Amalgamation of companies?
কোম্পানীগুলির একত্রীকরণ বলতে কী বোঝো?
- (i) Mention two differences between Internal Reconstruction and External Reconstruction.
অভ্যন্তরীণ পুনর্গঠন এবং বাহ্যিক পুনর্গঠনের দুটি পার্থক্য উল্লেখ করো।

- (j) What do you mean by 'Capital Employed'?
'বিনিযুক্ত মূলধন' বলতে কী বোঝায়?
- (k) What is 'ESOP'?
'ESOP' কী?
- (l) What is vesting period?
'ন্যস্ত সময়' কী?
- (m) What is meant by 'Pro-rata' allotment of shares?
শেয়ারের 'আনুপাতিক হারে' আবণ্টন বলতে কী বোঝায়?
- (n) Show the journal entries regarding share issues 'other than cash'?
'নগদ ব্যতীত' শেয়ার বিলিসংক্রান্ত জাবেদার দাখিলাটি দেখাও।
- (o) What do you mean by 'Consolidated Balance Sheet'?
'সংঘবদ্ধ উদ্বর্তপত্র' বলতে কী বোঝায়?

2. Answer any four questions:

5×4=20

যে কোনো চারটি প্রশ্নের উত্তর দাও :

(a) The Balance Sheet of Zintac Ltd. as at 31.12.2019 is given below :

Equities and Liabilities:	₹
(1) Shareholders' funds:	
(a) Share Capital	2,00,000
(20,000 Equity shares of ₹ 10 each)	
(b) Reserve and Surplus:	
Profit & Loss	1,00,000
Securities Premium	20,000
Capital Reserve	40,000
(2) Non-current liabilities:	
(a) Long-term borrowing - 6% Debenture	2,00,000
(3) Current Liabilities:	
Trade Payable — Sundry Creditors	40,000
	6,00,000
	6,00,000

Assets:	₹
(1) Non-current assets:	
(a) Property, Plant and Equipment	2,00,000
(b) Non-current investment	1,00,000
(2) Current Assets:	3,00,000
(Including Cash at Bank)	
	6,00,000

It was decided: (i) to pay a cash dividend of 10%; (ii) to issue one fully paid bonus share against every 4 shares held. Assume that the capital reserve includes a profit on revaluation of the property, plant and equipment amounting to ₹ 10,000.

Give Journal Entries.

[ইংরাজী প্রশ্ন দ্রষ্টব্য]

(b) Discuss in brief, the steps involved in 'Book-Building Method' regarding issue of shares.

শেয়ার বিলির ক্ষেত্রে 'Book-Building' পদ্ধতির ধাপগুলি সংক্ষেপে বর্ণনা করো।

(c) The Books of Bitu Ltd. showed the following balances on 31st March 2019:

- 30,000 Equity Shares of ₹ 10 each fully paid;
- 18,000 12% Redeemable Preference Share of ₹ 10 each fully paid up;
- 4000 10% Redeemable Preference Shares of ₹ 8 paid up;
- Profit & Loss A/c ₹ 80,000;
- General Reserve ₹ 1,20,000;
- Securities Premium ₹ 21,000;

Preference shares are redeemed on April 1, 2019 at a premium of ₹ 2 per share. The whereabouts of the holders of 100 such shares of ₹ 10 each fully paid, are not known.

For redemption 3000 equity shares of ₹ 10 each are issued at 10% premium.

Show the necessary journal entries to complete these transactions.

[ইংরাজী প্রশ্ন দ্রষ্টব্য]

(d) Distinguish between Share and Debenture.

শেয়ার ও ঋণপত্রের মধ্যে পার্থক্য করো।

(e) The Balance Sheet of Teesta Iron Product Ltd. as at 31st December, 2019 stood as follows:

		₹
I. Equities and Liabilities:		
(1) Shareholders' funds:		8,00,000
Share Capital		
(8,000 Equity Shares of ₹ 100 each)		
Reserve and Surplus (Dr. balance of P/L)		(- 10,70,000)
(2) Non-current Liabilities:		13,80,000
(a) 5% Debentures		
(3) Current Liabilities:		4,50,000
(a) Trade Payable : Trade Creditors		10,000
(b) Outstanding Expenses		15,70,000
		<u>₹</u>
II. Assets:		
(1) Non-current Assets:		
(a) Property, Plant and Equipment		14,30,000
(b) Non-Current Investments		17,000
(2) Current Assets:		
(a) Inventoris — Stock in Trade		80,000
(b) Trade receivables : Sundry Debtors		30,000
(c) Cash and Cash Equivalents : Cash at Bank		13,000
		<u>15,70,000</u>

The company being in a bad position, an arrangement on the following lines has been agreed upon:

- (i) The equity shareholders are prepared to have their capital *reduced to 5%* of their present shareholding.
- (ii) The debentureholders are agreed to have their claims *reduced to 50%* which is to be satisfied *half* by the issue of 7% Mortgage Debentures and *half* by the issue of 8% preference shares of ₹ 100 each.
- (iii) The trade creditors are prepared to receive 20% of their dues in exchange for equity shares of the like amount.
- (iv) The assets are to be reduced to the following revalued figures:

Property, Plant and Equipment: ₹ 11,00,000; Stock in-Trade: ₹ 50,000;
Debtors: ₹ 20,000; Investment: ₹ 7000.

Pass journal entries for the completion of the scheme.

[ইংরাজী প্রশ্ন দ্রষ্টব্য]

(f) The following is the information of M. Company Ltd. as at 31. 12. 2019:

Equities and Liabilities:	₹	Assets	₹
Equity Share Capital		Goodwill	2500
25,000 shares of		Building	15,000
₹ 5 each	1,25,000	Plant & Machinery	87,500
Reserves	12,500	Stock	30,000
Profit & Loss A/c	5,000	Debtors	40,000
Sundry Creditor	22,500	Cash at Bank	5,000
Other Liabilities	15,000		
	<u>1,80,000</u>		<u>1,80,000</u>

For the purpose of valuation of shares of the Company, the Goodwill is revalued at ₹ 7750; the Building is revalued at ₹ 12,500, Plants and Machinery is to be depreciated by ₹ 6,250, the Stock-in Trade is worth ₹ 35,000, Sundry Debtors are expected to realise only 90% of their book value.

You are to calculate the value of each share of M. Company Ltd. under Intrinsic Value Method.

[ইংরাজী প্রশ্ন দ্রষ্টব্য]

3. Answer any two questions:

10×2=20

যে কোনো দুটি প্রশ্নের উত্তর দাও :

(a) India Ltd. made an issue of 30,000 Equity Shares of ₹ 10 each payable as follows:

On Application	₹ 5 per share (including Premium ₹ 2)
On Allotment	₹ 4 per share
On Call	₹ 3 Per Share

Applications were received for 43000 shares. 30000 shares were allotted pro-rata among the applicants for 40000 shares. Applications for 3000 shares were rejected and the application money received in respect of the same was refunded.

The excess money received in respect of pro-rata allotment was, however, adjusted against the allotment money.

Rakesh, holding 75 shares, failed to pay the allotment money. Kollol, another shareholder, holding 100 shares failed to pay the call money. All the defaulting shares were forfeited. All the shares held by Rakesh and 50 shares held by Kollol were re-issued to Sourav as fully paid @ ₹ 9 per share.

Show the necessary entries in the books of the Company.

[ইংরাজী প্রশ্ন দ্রষ্টব্য]

(b) The following is the Balance Sheet of Sun Ltd. and its subsidiary Moon Ltd. as at 31st March, 2019:

	Sun Ltd. ₹	Moon Ltd. ₹
Equities and Liabilities:		
(1) Shareholders' Funds:		
(a) Equity share of ₹ 10 each	6,00,000	2,00,000
(b) General Reserve	3,40,000	80,000
(c) Profit & Loss	1,00,000	60,000
(2) Current Liabilities:		
Creditors	70,000	35,000
Total	11,10,000	3,75,000
Assets:		
(1) Non-current Assets:		
Machinery	3,90,000	1,35,000
Furniture	80,000	40,000
(2) Investment:		
80% shares in Moon Ltd. at cost	3,40,000	—
(3) Current Assets		
Stock	1,80,000	1,20,000
Debtors	50,000	30,000
Cash at Bank	70,000	50,000
Total	11,10,000	3,75,000

The following additional information is provided to you:

- (i) Statement of Profit & Loss of Moon Ltd. stood at ₹ 30,000 on 1st April, 2018 where as General Reserve has remained unchanged since that date.
- (ii) Sun Ltd. acquired 80% shares in Moon Ltd. on 1st October, 2018 for ₹ 3,40,000 as mentioned above.
- (iii) Included in Debtors of Moon Ltd. is a sum of ₹ 10,000 due from Sun Ltd. for goods sold at a profit of 25% on cost price. Till 31st March, 2019 only one half of the goods had been sold while the remaining goods were lying in the godowns of Sun Ltd. as on that date.

You are required to prepare a Consolidated Balance Sheet as at 31st March, 2019. Show calculations.

- (c) When valuation of Goodwill is required? Explain the factors those affect the value of Goodwill. 3+7=10

কখন সুনামের মূল্যায়নের প্রয়োজন হয়? যে সকল বিষয়গুলি দ্বারা সুনামের মূল্য প্রভাবিত হয় সেগুলি ব্যাখ্যা করো।

- (d) The following is the Trial Balance of B Ltd. as on 31st March, 2019:

Particulars:	Dr. (₹)	Cr. (₹)
Building at Cost	98,000	-
Accumulated Depreciation – Building	-	19,600
Land	70,000	-
Equipment at Cost	1,40,000	-
Accumulated Depreciation – Equipments	-	28,000
Rent Received	-	18,000
Repair and Maintenance	19,000	-
Electricity	80,000	-
Purchases	6,10,000	-
Discount Received	-	10,000
Discount Allowed	14,500	-
Inventory	89,000	-
Debtors	1,06,000	-
Provision for Doubtful Debts	-	6,000
Cash and Cash Equivalents	2,53,600	-
Share Capital (₹10 each)	-	3,00,000
Creditors	-	49,000
Sales	-	11,00,000
Sales Return	17,500	-
Retained Earnings	-	1,60,000
Interim Cash Dividend	30,000	-
Salaries to Staff	2,32,000	-
Salaries Payable	-	18,000
Selling Expenses	14,000	-
Freight Inward	20,000	-
Bond Payable	-	1,00,000
Profit on Sales of Land	-	25,000
Bills Receivable	1,10,000	-
Bills Payable	-	70,000
Total	<u>19,03,600</u>	<u>19,03,600</u>

Additional Information:

- (i) Provide depreciation @ 5% on Building and 20% on Equipment.
- (ii) Inventory has been valued at ₹ 64,000 on 31.3.19.
- (iii) Authorised Capital: ₹ 10,00,000 divided into equity shares of ₹ 10 each.
- (iv) Bonds were issued on 1.10.2018. 12% interest p.a. is payable half-yearly on 1st April and 1st October.
- (v) Income Tax rate is 35%. Ignore corporate dividend tax.

Prepare Profit & Loss Statement for the year ended 31.3.2019 and Balance Sheet on the same date as per Schedule III of Companies Act, 2013.

[ইংরাজী প্রশ্ন দ্রষ্টব্য]