

**B. Com 5<sup>th</sup> Semester (Honours) Examination – 2020 (CBCS)**  
**Subject: FINANCIAL ACCOUNTING – III**  
**Paper: 5.1 CH (CC-11)**

**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 six questions: [5x 6 = 30]

যে কোনো ছয়টি প্রশ্নের উত্তর দাও:

(a) Red Ltd. issues 10000 12% Secured Debentures of Rs 100 each. Give Journal entries if the Debentures are redeemable at par and are issued

- (i) at par
- (ii) at a discount of 2%, and
- (iii) at a premium of 3%

Also show the entries which will be made if the Debentures are redeemable at a premium of 5% and are issued-

- (i) at par, and
- (ii) at a discount of 2%

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(b) A Joint Stock company issues 20000 shares. The issue is underwritten by A,B and C in the ratio of 5:3:2 respectively. Unmarked applications total 1000, whereas marked applications are as follows:

A-8000; B- 2850; C- 4150.

Calculate the net liability of each one of the underwriters.

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(c) Where the valuation of shares is needed?

কোন কোন ক্ষেত্রে শেয়ার-এর মূল্যায়নের প্রয়োজন হয়?

(d) The Balance Sheet of Strong Ltd. as at 31<sup>st</sup> March, 2020 is given below:

<b>Equities and Liabilities</b>	<b>Rs.</b>
1. Shareholders' Fund:	
(a) Share Capital (10000 equity shares of Rs 100 each)	1000000
(b) 8% Preference Share (5000 shares of Rs 100 each)	500000
(c) Reserve and Surplus:	
➤ Securities Premium	100000
➤ Capital Reserve	100000
➤ General Reserve	200000
➤ Profit & Loss	100000
2. Current Liabilities:	
Trade Payable: Creditors	1000000
	<b>3000000</b>

Assets	Rs.
1.Non-Current Assets:	
(a) Property, Plant and Equipment	2200000
2. Current Assets:	
a) Inventories	650000
b) Trade Receivables: Debtors	150000
	<b>3000000</b>

The Preference Shares are to be redeemed at a premium of 10%. Fresh issue of Equity shares is to be made to the extent it is required under the Act for this purpose. The company is to arrange a bank overdraft regarding the shortfall.

Show the journal entries.

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(e)The following are the balances taken from the Balance Sheet of Bitumin Engineering Ltd. as on 31<sup>st</sup> March 2020:

**Equity and Liabilities:**

1.a. Shareholder's fund:	Rs.
➤ 1,50,000 equity shares of Rs. 10 each fully paid up	: 1500000
➤ 2,00,000 equity shares of Rs. 10 each , Rs. 6 paid up :	1200000
➤ 60,000 12% cumulative preference shares of Rs.10 : each, paid up	600000
P&L (Debit balance)	(-1300000)

b. Reserve and Surplus

ii. Non- current Liabilities:

    ➤ Long term secured loan : 1400000

iii. Current Liabilities

    ➤ Trade Payables : 650000

4050000

2. **Assets:**

i. Non Current Assets:

    ➤ Land and Building : 2300000

    ➤ Furniture, fixture and fittings : 390000

ii. Current Assets:

    ➤ Inventories : 830000

    ➤ Trade Receivables : 410000

    ➤ Balance with Bank : 120000

4050000

The current market value of land and building is Rs. 30,00,000 and that of furniture, fixture and fittings is Rs.2,50,000. Stock is valued at Rs. 9,11,000. Debtors are expected to realise only 90% of their book value. You are informed that preference dividend has not been paid for last three years. Calculate the intrinsic value per equity share by the Net Assets Method.

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(f) Explain the different reasons of Amalgamation of Joint Stock Companies in brief.

যৌথমূলধনী কোম্পানিগুলির একত্রীকরণের কারণগুলি সংক্ষেপে ব্যাখ্যা কর.

(g) Beta Ltd. proposed to purchase the business carried on by Gama Ltd. Goodwill for this purpose is agreed to be valued at two years' purchase of the weighted average profits for the past three years. The appropriate weights and profits to be used were decided as follows:-

Year	Weights	Profits (Rs)
2016-2017	1	1240000
2017-2018	2	1000000
2018-2019	3	1400000

On scrutiny of the accounts, the following facts are revealed:

(i) On 31.12.2017 major repairs were carried out in respect of the plant, spending Rs 50000; the amount was charged to revenue. The said sum is agreed to be capitalized for the purpose of calculation of goodwill subject to the adjustment for depreciation @ 10% p.a on reducing balance method.

(ii) The closing stock for the year 2016-2017 was overvalued by Rs 15000.

(iii) To cover Management cost an annual charge of Rs 25000 is to be made while calculating goodwill.

Compute the value of goodwill of the company.

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(h) The Balance Sheet of CISCO Ltd. as at 31.03.2020 is as follows:

<b>I. Equities and Liabilities</b>	<b>Rs.</b>
1.Shareholders' Fund:	
(a) Authorised Share Capital (150000 equity shares of Rs 10 each)	1500000
(b) Issued, subscribed and paid-up capital (80000 equity shares of Rs 10 each, Rs 7.50 each called up and paid up)	600000
(c) Reserve and Surplus:	
➤ Capital Redemption Reserve	150000
➤ Plant Revaluation Reserve	20000
➤ Securities Premium Account	150000
➤ Development Rebate Reserve	230000
➤ Investment Allowance Reserve	250000
➤ General Reserve	300000
	<b>1700000</b>

<b>II. Assets</b>	<b>Rs.</b>
1.Non-Current Assets:	
(a) Property, Plant and Equipment	1700000
	<b>1700000</b>

The Company making partly paid shares into fully paid up and the company wanted to issue bonus shares to its equity shareholders at the rate of one share for every two shares held. Necessary resolutions were passed; requisite legal requirements were complied with: You are required to give effect to the proposal by passing journal entries in the books of CISCO Ltd.

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(2) Answer any three questions:

[10 x 3 =30]

যে কোনো তিনটি প্রশ্নের উত্তর দাও:

- (a) The directors of ZODIAC Ltd. invited applications for 200000 Equity shares of Rs 10 each to be issued at 20% premium. The money payable on shares is as follows:  
On application Rs 5, on allotment Rs 4 (including premium Rs 2), on first call Rs 2 , on final call Re 1.

Applications were received for 240000 shares and allotment was made as follows:

(A) To applicants for Rs 100000 shares- in Full

(B) To applicants for 80000 shares – 60000 shares

(C) To applicants for 60000 shares – 40000 shares

Applicants for 1000 shares falling in category (A) and applicants of 1200 shares falling in category (B) failed to pay the allotment money. These shares were forfeited on failure to pay the first call. Holders of 1200 shares in category (C) failed to pay the first call and final call and these shares were forfeited after the final call.

1300 shares (1000 of category (A) and 300 of category (B) were re-issued at Rs 8 per share as fully paid.

Journalise the above transactions (including cash transactions).

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- (b) H Ltd. Acquired 4000 shares of Rs. 10 each on 30.06.20 for Rs. 52000 in S Ltd. H Ltd. received 10% dividend for 2019, but the dividends as received has been credited to profit and loss A/C for H Ltd. The following are the balance sheets as on 31.12.20:

Equity and Liabilities	H Ltd (Rs.)	S Ltd (Rs.)
1. Shareholder's Fund:		
a) Equity share of Rs. 10 each	60000	50000
b) General Reserve (1.1.2020)	12000	10000
c) Profit and Loss A/C		
Balance on 01.01.2020	4000	8000
Balance of 2020 profit	30000	20000
2. Current Liabilities		
Creditors	10000	8000
<b>Total</b>	<b>116000</b>	<b>96000</b>

Assets	H Ltd. (Rs)	S Ltd. (Rs)
1. Non-Current Assets:		
Machinery	60000	90000
2. Investment:		
Investment in S Ltd. (4000 shares)	52000	-
3. Current Assets	4000	6000
	<b>116000</b>	<b>96000</b>

You are required to prepare a consolidated Balance Sheet as at 31.12.2020.

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- (c) What do you mean by 'Buy Back of Shares'? Explain the conditions to be fulfilled in case of Buy-Back of shares in short. Distinguish between Buy-Back of shares and Redemption of Preference shares.

‘বিক্রীত শেয়ার পুনরায় ক্রয়’ বলতে কি বোঝ? ‘বিক্রীত শেয়ার পুনরায় ক্রয়’ এর ক্ষেত্রে কিকি শর্তপূরণ করতে হয় সংক্ষেপে লেখ. ‘বিক্রীত শেয়ার পুনরায় ক্রয়’ এবং ‘অগ্রাধিকারযুক্ত শেয়ার পরিশোধ’ এর মধ্যে পার্থক্য কর.

- (d) From the following figures taken from the books of Anand Ltd., prepare the **statement of profit and loss** for the year ended 31<sup>st</sup> March 2019 and the **Balance Sheet** as on that date.

Trial Balance as at 31.03.2019

Debit Balance	Amount (in Rs.)	Credit Balance	Amount (in Rs.)
Stock (1.4.2018)	30000	Equity Share Capital (1000 Shares of Rs. 100 each)	100000
Rent and taxes	6000	5% debenture	25000
Purchases	60900	Sales	175000
Wages and Salaries	55200	Creditors	8000
Discount	1500	Discount	2200
Fuel	2570	Bank (overdraft)	12000
Building	70000	Transfer fee	100
Carriage	1175	Returns Outward	100
Sundry Debtors	20000		
Goodwill	28000		
Machinery	25000		
Debenture Interest paid (half year upto 30.9.18)	625		
Loose Tools	6000		
Advertisement	3000		
General Expenses	4400		
Bad Debts	1030		
Insurance	1000		
Miscellaneous Expenses	3000		
Cash	3000		
Total	322400		322400

**Additional Information:**

- Stock on 31.03.19 is Rs. 35000
- The authorized share capital of the company is Rs.200000 .
- Depreciation is to be provided on @10 % and revalue Loose tools at Rs. 4100.
- Allow 2.5% discount on debtors and 2% provisions for bad debts. Ignore taxes.

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- (e) A Ltd. And B Ltd. agreed to amalgamate by transferring their undertakings to a new company AB ltd. formed for that purpose. On the date of transfer for Balance Sheet of the two companies were as under:

1. Equity and Liabilities	A Ltd(Rs.)	B Ltd (Rs.)
i. Share holder's funds		
• Authorised and issued capital	75000	25000

(Equity shares of Rs. 10 each)		
• Profit and Loss A/C	20000	1000
• Reserve	-	2000
<b>ii. Non- Current Liabilities</b>		
• 5 % debenture	-	3000
• Mortgage Loan (Secured on freehold property)	5000	-
<b>iii. Current Liabilities</b>		
• Sundry Creditors	4000	10000
	<b>104000</b>	<b>41000</b>
<b>2. Assets</b>		
i. Non-Current Assets		
• Land, Plant and Machineries	60000	31000
• Freehold Property	3000	---
• Investment	13000	3000
ii. Current Assets:		
• Debtors	18000	5000
• Bank Balance	10000	2000
	<b>104000</b>	<b>41000</b>

The purchase consideration consists of:

- The assumption of liabilities of both the companies;
- The discharge of the debentures in B Ltd; by issue of 3500, 4% debenture in AB Ltd.
- Issue at a premium of Rs. 5 per share of equity shares of Rs. 10 each in AB Ltd.
- Issue at a premium of Rs. 5 per share of equity shares of Rs. 10 each in AB Ltd.

For the purpose of transfer , the assets are to be revalued as under:

	A Ltd	B Ltd.
Land, Plant and Machinery	65000	35000
Freehold Property	5000	---
Debtors	17100	4500
Investment	14900	4000
Goodwill	11000	4000

Show the closing journal entries in the books of A Ltd. and opening journal entries in the books of AB Ltd. and also show necessary workings.

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