

**INDIAN MARITIME UNIVERSITY**

(A Central University, Govt. of India)

End Semester Examinations – June-22  
**B.B.A (Logistics, Retailing and E-Commerce)**

**Subject Code : UG31T2302**

**Subject Name: Financial Accounting-III**

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**Date: 18.05.2022**

**Max Marks : 70**

**Time: 3 Hrs**

**Pass Marks: 35**

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**PART – A**

**Answer all the questions**

**(10 x 1 = 10Marks)**

- i. Capital Redemption Reserve is used for
  - a. Writing off of Capital Loss
  - b. Issuing partly paid bonus shares
  - c. Issuing fully paid bonus shares
  - d. None of the above
  
- ii. Debentures holders are
  - a. Creditors of the company
  - b. Owners of the Company
  - c. Members of the company
  - d. All the above
  
- iii. Voluntary winding up
  - a. If period fixed for the company is expired
  - b. If company passes a special resolution the company wound up voluntarily.
  - c. Members voluntary winding up is applicable to solvent companies only
  - d. All of the above
  
- iv. \_\_\_\_\_ is the systematic examination of books and records of a business
  - a. Auditing
  - b. Vouching
  - c. Verification
  - d. None of the above

- v. It is a continuous critical review of financial and operating activities by a staff member of the auditor
  - a. Internal Audit
  - b. Internal Control
  - c. Internal Check
  - d. None of the above
  
- vi. A/an \_\_\_\_\_ is written plan containing exact details with regard to the conduct of a particular audit.
  - a. Audit Note Book
  - b. Internal Note Book
  - c. Audit Programme
  - d. None of the above
  
- vii. The Job of realising Assets and paying liabilities is performed by a person called
  - a. Auditor
  - b. Registrar of the Company
  - c. Management of the Company
  - d. Liquidator
  
- viii. The allotment of shares in proportion of the shares applied for, is called
  - a. Allotment of Shares
  - b. Pro-rata allotment
  - c. Calls-received in advance
  - d. None of the above
  
- ix. \_\_\_\_\_, more commonly referred to as preferred stock, are shares of a company's stock with dividends that are paid out of shareholders before common stock dividends are issued.
  - a. Equity Shares
  - b. Debentures
  - c. Preference Shares
  - d. None of the above
  
- x. The process by which affairs of a company are reorganized by revaluation of assets, reassessment of liabilities and by writing off the losses already suffered by reducing the paid up value of shares and/or varying the rights attached to different classes of shares are called
  - a. Liquidation
  - b. Internal Reconstruction
  - c. Amalgamation
  - d. None of the above

**Part B**

**Answer all the five Short Questions (05 X 02=10 Marks)**

- i. Explain the term 'Underwriters'
- ii. What is "Profit Prior to Incorporation"?
- iii. Write short notes on Liquidators Remuneration?
- iv. Write short notes on Debentures?
- v. Write short notes on Financial statements?

**Part C**

**Answer any five Questions (05 X 10=50 Marks)**

- i. Very Old Ltd issued 3,00,000 equity shares @ 100 each plus Rs. 20 as premium payables as follows: -
  - Rs.20 on application
  - Rs.70 on allotment (50+20)
  - Rs.20 on I Call
  - Rs.10 on Final CallThe company received application for 3,10,000 shares. All the shares were allotted on pro rata. Give journal entries in the books of the company.
- ii. Explain the differences between Shares and Debentures.
- iii. Explain in detail the importance of audit working papers.
- iv. Following is the Trial Balance of Beta Ltd as at 31.03.2020

| <b>Trial Balance</b>                      |                  |                    |
|---|------------------|--------------------|
| <b>Particulars</b>                        | <b>Debit(Rs)</b> | <b>Credit (Rs)</b> |
| Authorised Share Capital <u>50,00,000</u> |                  |                    |
| Issued & subscribed Share Capital         |                  |                    |
| Equity Shares @ 10                        |                  | 10,00,000          |
| Preference Share @ 100                    |                  | 10,00,000          |
| Land & Building a/c                       | 15,00,000        |                    |
| Opening Stock a/c                         | 1,00,000         |                    |
| Salary a/c                                | 3,00,000         |                    |
| Wages a/c                                 | 1,00,000         |                    |
| Staff Welfare a/c                         | 50,000           |                    |
| Administrative Expenses a/c               | 2,00,000         |                    |
| Interest on SBI Loan                      | 1,00,000         |                    |

|                       |                  |                  |
|-----------------------|------------------|------------------|
| Rent a/c              | 3,00,000         |                  |
| P & L a/c             |                  | 7,50,000         |
| Loan from SBI         |                  | 4,00,000         |
| Bank a/c              | 6,50,000         |                  |
| Cash a/c              | 1,00,000         |                  |
| Plant & Machinery a/c | 2,50,000         |                  |
| Sales a/c             |                  | 20,00,000        |
| Purchase a/c          | 10,00,000        |                  |
| Deposit in IDBI       | 5,00,000         |                  |
|                       | -----            | -----            |
|                       | <b>51,50,000</b> | <b>51,50,000</b> |

Other Information:

- Estimated Closing stock Rs 2,10,000
- Depreciation on Plant and Machinery 10% P.A and Land & Building 20% P.A
- Land & Building purchased on 1.12.2019
- Deposit has an interest of 5% P.A

Prepare Profit & Loss account as per Companies Act 2013

- v. New & Old Ltd went into liquidation on 31-3-2020 when the following Balance Sheet was prepared. Prepare liquidator's final account

### Balance Sheet

| Liabilities                | Rs.              | Assets               | Rs.              |
|----------------------------|------------------|----------------------|------------------|
| Share Capital (@ 100 each) | 5,00,000         | Goodwill and patents | 50,000           |
| 7% Debentures              | 2,50,000         |                      |                  |
| Creditors – Preferential   | 1,00,000         | Land & Building      | 4,00,000         |
|                            |                  | Crane                | 1,50,000         |
|                            |                  | Current assets       | 2,50,000         |
| Unsecured creditors        | 1,50,000         | Cash & Bank          | 40,000           |
|                            |                  | Profit and Loss A/c  | 1,10,000         |
|                            | <b>10,00,000</b> |                      | <b>10,00,000</b> |

The assets realized by liquidator are as follows:

|                 |          |
|-----------------|----------|
| Land & Building | 3,00,000 |
| Crane           | 70,000   |
| Current Assets  | 2,00,000 |

The Expenses of Liquidation amount to Rs 10,000/- Liquidators remuneration at 3% on the Asset realized and 2% on the amount paid to Unsecured creditors.

- vi. What is goodwill also explain the need for evaluating the goodwill?
- vii. What is valuation of share, what is the need and purpose for valuing the shares

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