



WEST BENGAL STATE UNIVERSITY
B.Com. General Part-III Examination, 2020

FINANCIAL ACCOUNTING

PAPER-FACG-III

Time Allotted: 2 Hours

Full Marks: 50

*The figures in the margin indicate full marks.
Candidates should answer in their own words
and adhere to the word limit as practicable.*

*প্রান্তিক সীমার মধ্যস্থ সংখ্যাটি পূর্ণমান নির্দেশ করে।
পরীক্ষার্থীরা নিজের ভাষায় যথা সম্ভব শব্দসীমার মধ্যে
উত্তর করিবেন।*

All symbols are of usual significance.

Answer any three questions from the following

16×3=48

নিম্নলিখিত যে-কোনো তিনটি প্রশ্নের উত্তর দাও

1. The following is the Trial Balance of AC Ltd. for the year ended 31.03.2019

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	Dr.		Cr.
Particulars	Amount (₹)	Particulars	Amount (₹)
Stock (as on 1.04.2018)	75,000	Purchase Return	10,000
Purchase	2,45,000	Sales	3,40,000
Wages	30,000	Discount	3,000
Carriage	950	Profit & Loss A/c	15,000
Furniture	17,000	Share Capital	1,00,000
Salaries	7,500	Creditors	17,500
Rent	4,000	General Reserve	15,500
Sundry Trade Expenses	7,050	Bills Payable	7,000
Dividend Paid	9,000		
Debtors	27,500		
Plant and Machinery	29,000		
Cash at Bank	46,200		
Patents	4,800		
Bills Receivable	5,000		
	5,08,000		5,08,000

Prepare Profit and Loss Account of AC Ltd. for the year ended 31.03.2019 and a Balance Sheet as on that date after considering the following adjustments:

- (i) Stock as on 31.03.2019 ₹88,000
- (ii) Provision for taxation @ 40%
- (iii) Depreciate Plant and Machinery @ 15%, Furniture @ 10% and Patents @ 5%
- (iv) Outstanding rent amounted to ₹800 and salaries to ₹900
- (v) Provide ₹510 for doubtful debts
- (vi) The Board recommends payment of a dividend @ 15% p.a. Transfer the minimum required amount to General Reserve.
- (vii) Provide for managerial remuneration @ 10% on profit before tax.

2. (a) Mention three points of difference between Equity Share and Debenture. 3
 সাধারণ শেয়ার ও ঋণপত্রের মধ্যে তিনটি পার্থক্য উল্লেখ করো।
- (b) Write short notes on the following: 5×2
 নীচের বিষয়গুলির উপর টীকা লেখোঃ
- (i) Contingent Liabilities
 অনিশ্চিত দায়
- (ii) Capital Expenditure.
 মূলধন জাতীয় ব্যয়।
- (c) Mention five statutory books which a company is required to maintain as prescribed by Companies Act. 3
 কোম্পানী আইন অনুযায়ী একটি কোম্পানীতে যে সকল বিধিবদ্ধ বই ব্যবহার করতে হয় তার মধ্যে পাঁচটির নাম উল্লেখ করো।
3. (a) What do you understand by purchase consideration? 4
 ক্রয় প্রতিদান বলতে কি বোঝায় ?
- (b) P. Ltd. and Q. Ltd. carrying on similar business decided to amalgamate to form a new company named R. Ltd. Following are the Balance Sheets of the two companies as at 30th June, 2019. 12

Liabilities	P. Ltd. Rs.	Q. Ltd. Rs.	Assets	P. Ltd. Rs.	Q. Ltd. Rs.
Share Capital (Equity shares of Rs. 50 each)	3,00,000	2,50,000	Goodwill	30,000	15,000
Reserve Fund	1,25,000	80,000	Land & Building	1,55,000	90,000
Profit & Loss A/c	50,000	50,000	Plant & Machinery	90,000	1,25,000
Sundry Creditors	50,000	35,000	Stock	75,000	65,000
			Sundry Debtors	85,000	75,000
			Cash at Bank	90,000	45,000
	5,25,000	4,15,000		5,25,000	4,15,000

The purchase price of the two companies were settled subject to the following conditions:

- (i) R. Ltd. takes over the business of P. Ltd. at its book value.
- (ii) The assets of Q. Ltd. would be revalued as under:
- (a) Goodwill Rs. 10,000
- (b) Land & Building Rs. 85,000
- (c) Plant & Machinery Rs. 1,00,000
- (d) Reserve for doubtful debts of 10% to be created on Sundry Debtors.
- (iii) The purchase consideration is to be discharged in the form of fully paid up shares of Rs. 10 each in R. Ltd.

R. Ltd. issued to the public 15,000 Equity shares of Rs. 10 each which were fully paid up. Find out the purchase considerations of the two companies and prepare the Opening Balance Sheet of R. Ltd.

4. Vivaan & Co. absorbed the business of Jay & Co. as a going concern as at 30th June 2019. The assets and liabilities of the latter company on that date was as follows:

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Jay & Co. Ltd
Balance Sheet as on 30.06.2019

Liabilities	Amount(₹)	Assets	Amount(₹)
Subscribed Capital:		Goodwill	50,000
Equity Shares (30,000 shares of Rs. 10 each, fully paid)	3,00,000	Land & Building	2,00,000
5% Preference Share (1000 shares of ₹100 each fully paid)	1,00,000	Plant & Machinery	1,00,000
Sundry Creditors	30,000	Sundry Debtors	50,000
Bills Payable	50,000	Stock-in-Trade	30,000
		Cash-at-Bank	35,000
		Preliminary Expenses	5,000
		Profit & Loss Account	10,000
	4,80,000		4,80,000

The terms of agreement were:

- that, for every 10 equity shares of Jay & Co., Vivaan & Co. issued 12 fully paid equity shares of ₹10 each and paid ₹10 in cash.
- that, the preference shareholders of Jay & Co. were paid at a premium of 5% by the issue of 6% preference share of Vivaan & Co. at par.
- that, all assets and liabilities were taken over except cash to the extent of ₹3,000 which was left for meeting realization expenses.
- that, Plant and Machinery were only revalued at ₹1,83,000, other assets and liabilities remaining at their book values.

You are required to give the closing journal entries in the books of Jay & Co. Ltd.

5. (a) Define Accounting standard. 1
হিসাবনিকাশ মানের সংজ্ঞা দাও।
- (b) Define 'Holding Company'. 1
হোল্ডিং কোম্পানীর সংজ্ঞা দাও।
- (c) What is profit prior to incorporation? 2
নিবন্ধনের পূর্বের মুনাফা কাকে বলে?
- (d) From the information given below, compute the 'Net Asset Value' of an equity share of X. Ltd. 12

Balance Sheet as on 31st December, 2019

Liabilities	Rs.	Assets	Rs.
1,000 Equity Shares of Rs. 100 each fully paid up	1,00,000	Land & Building	40,000
100, 8% Cumulative Preference Shares of Rs. 100 each fully paid up	10,000	Plant	40,000
Reserves & Surplus	25,000	Debtors	5,000
Creditors	10,000	Stock	20,000
5% Debentures	10,000	Cash at Bank	35,000
		5% G. P. Notes	10,000
		Preliminary Expenses	5,000
	1,55,000		1,55,000

- (i) Fair return on capital employed in this type of business is 10% per annum.

- (ii) Goodwill is to be taken at 5 years purchase value of super profits.
- (iii) Average profits for the last 7 year is Rs. 19,000. There is an outstanding liability for workmen compensation to the extent of Rs. 5,000.

Profit is more or less stable over years and the same trend is expected to be maintained in the near future.

- 6. (a) What do you mean by Goodwill? 1
 সুনাম বলতে কি বোঝো ?
- (b) Discuss briefly about any two methods of valuation of Goodwill. 1
 সুনামের মূল্য নির্ধারণের যে কোনো দুটি পদ্ধতি সংক্ষেপে আলোচনা করো।
- (c) The following is the Balance Sheet of A. Ltd. as on 31.12.2019 14

Liabilities	Rs.	Assets	Rs.
Share Capital: 35,000 Equity shares of Rs. 10 each	3,50,000	Goodwill	25,000
Reserves & Surplus	80,000	Building at Cost	2,60,000
Depreciation Fund Building	20,000	Plant & Machinery at Cost	1,10,000
		Furniture at Cost	40,000
Plant & Machinery	10,000	Sundry Debtors	38,000
Furniture	5,000	Less: Reserve for Bad Debts	3,000
Sundry Creditors	60,000	Stock in Trade	40,000
Bills Payable	25,000	Cash at Bank	60,000
Provision for taxation	40,000	Preliminary Expenses	20,000
	5,90,000		5,90,000

The profits earned before providing for taxation have been as:

<u>Year</u>	<u>Rs.</u>
2015	81,000
2016	1,20,000
2017	1,04,000
2018	99,000
2019	96,000

Compute the value of Goodwill of the company assuming that the normal rate of return for this type of company is 8%. Income tax is payable @ 50% on the above profits.

- 7. (a) Prepare Consolidated Balance Sheet from the following Balance Sheets and given information of Teesta Ltd. and Torsha Ltd. 14
 Teesta Ltd. and Torsha Ltd. এর নিম্নলিখিত Balance Sheets এবং প্রদেয় তথ্য থেকে Consolidated Balance Sheet প্রস্তুত করো।

The Balance Sheet as on 31st March 2019

Liabilities	Teesta Ltd. Rs.	Torsha Ltd. Rs.	Assets	Teesta Ltd. Rs.	Torsha Ltd. Rs.
Equity Share Capital (Rs. 10 per share)	5,00,000	1,00,000	Sundry assets	4,00,000	60,000
General Reserve	50,000	30,000	Stock-in-Trade	3,05,000	1,20,000
Profit & Loss A/c	2,00,000	60,000	Debtors	65,000	85,000
Creditors	1,00,000	60,000	Bills Receivable	5,000	-
Bills Payable		15,000	Shares-in-Torsha Ltd.		-
			1,500 shares of Rs. 10 each at cost	75,000	-
	8,50,000	2,65,000		8,50,000	2,65,000

Additional information:

- All the profits of Torsha Ltd. have been earned since the shares were acquired by Teesta Ltd., but the Reserve of Rs. 30,000 was already there at the time.
- Bills accepted by Torsha Ltd. are all in favour of Teesta Ltd. which was discounted for Rs. 10,000.
- Sundry Assets of Torsha Ltd. are undervalued by Rs. 10,000.
- The Stock-in trade of Teesta Ltd. includes Rs. 25,000 bought from Torsha Ltd. at a profit to the later of 25% on cost.

- (b) What is Inter-Company transactions? How do you treat Debtors/Creditors as Inter-Company debt? 2

আন্তঃ কোম্পানী লেনদেন কাকে বলে? Debtors/Creditors কে আন্তঃ কোম্পানী ঋণ হিসাবে তুমি কিভাবে দেখাবে?

8. (a) Define 'Interim dividend'. 1

অর্ন্তবর্তী লভ্যাংশের সংজ্ঞা দাও।

- (b) Define 'Unclaimed dividend'. 1

অদাবীকৃত লভ্যাংশের সংজ্ঞা দাও।

- (c) From the following Balance Sheets and information given below, prepare a Consolidated Balance Sheet: 14

Liabilities	A. Ltd. Rs.	B. Ltd. Rs.	Assets	A. Ltd. Rs.	B. Ltd. Rs.
Share Capital: Rs. 10 per share fully paid	1,00,000	20,000	Fixed Assets	80,000	14,000
Profit & Loss A/c	40,000	14,000	Stock in trade	61,000	24,000
Reserve	10,000	6,000	Debtors	13,000	17,000
Creditors	20,000	12,000	Bills Receivable	1,000	-
Bills Payable	-	3,000	Shares in B. Ltd.: 1,500 Shares at Rs. 10 each at cost	15,000	-
	1,70,000	55,000		1,70,000	55,000

Additional information:

- All the profits of B. Ltd. have been earned since the shares were acquired by A. Ltd. but the reserves of Rs. 6,000 was already there at that time.
- Bills accepted by B. Ltd. are all in favour of A. Ltd. which has discounted Rs. 2,000 of them.
- Fixed assets of B. Ltd. are overvalued by Rs. 2,000.
- The stock in trade of A. Ltd. includes Rs. 5,000 bought from B. Ltd. In this case B. Ltd. made a profit of 20% on sale.

9. (a) What do you mean by Accounting Theory? State the needs of Accounting Theory. 3+6
 হিসাবতত্ত্ব বলতে কি বোঝো? হিসাবতত্ত্বের প্রয়োজনীয়তা বিবৃত করো।

(b) State the limitations of historical cost accounting. 7
 ঐতিহাসিক ব্যয় পদ্ধতির সীমাবদ্ধতাগুলি আলোচনা করো।

10.(a) Define Financial Statement and mention the main objectives of Financial Statement Analysis. 3+5

আর্থিক বিবরণীর সংজ্ঞা দাও এবং আর্থিক বিবরণী বিশ্লেষণের প্রধান উদ্দেশ্যগুলি উল্লেখ করো।

(b) From the following Balance Sheet of New India Ltd. prepare a Comparative Balance Sheet: 8

Liabilities	2018 (Rs.)	2019 (Rs.)	Assets	2018 (Rs.)	2019 (Rs.)
Share Capital	30,000	60,000	Fixed Assets	80,000	1,02,000
Reserves	12,000	10,000		10,000	20,000
Debentures	60,000	60,000		12,000	8,000
	1,02,000	1,30,000		1,02,000	1,30,000

11.(a) Who are the users of financial statements? 2

আর্থিক বিবরণীর ব্যবহারকারীগণ কারা?

(b) Explain how are the Balance Sheet and the Income Statement related to each other. 6

কিভাবে উদ্বর্তপত্র এবং আয়ের বিবরণী পরস্পরের সহিত সম্পর্কযুক্ত তা ব্যাখ্যা করো।

(c) From the following Profit & Loss Account, prepare a common size Income statement of R & Company: 8

Particulars	2018 (Rs.)	2019 (Rs.)	Particulars	2018 (Rs.)	2019 (Rs.)
To Cost of goods sold	1,44,000	1,60,000	By Net Sales	2,00,000	2,40,000
To Office and Administrative Expenses	16,000	20,000			
To Selling Expenses	6,000	5,000			
To Net Profit	34,000	55,000			
	2,00,000	2,40,000		2,00,000	2,40,000

[For neatness 02 marks]

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