

**WEST BENGAL STATE UNIVERSITY**

B.Com. Honours Part-III Examination, 2021

FINANCIAL ACCOUNTING**PAPER: FACA-V**

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 করিবে।

All symbols are of usual significance.

MODULE-I**Answer Q. No. 3 & 4 and any one question from Q. No. 1 and 2****Q. No. 3 & 4 এবং Q. No. 1 এবং 2-এর মধ্যে যে-কোন একটি প্রশ্নের উত্তর দাও**

1. A and B are the partners of a partnership firm sharing Profits and Losses in the ratio of 3:2. The Balance Sheet of the firm as on 31.03.2019 is as follows: 10

A এবং B একটি অংশীদারী কারবারের অংশীদার। তারা 3:2 অণুপাতে লাভ ক্ষতি বন্টন করে।
31.03.2019 তারিখে তাদের উদ্বর্ত পত্রটি ছিল নিম্নরূপঃ

Liabilities	Rs.	Assets	Rs.
Capital A/cs:		Land and Building	75,000
A- 1,20,000		Plant and Machinery	1,05,600
B- 80,000	2,00,000	Stock	31,400
Bank Overdraft	65,000	Debtors	80,000
Creditors	44,800	Bills Receivables	12,000
		Cash	5,800
	3,09,800		3,09,800

The partners decided to convert the partnership firm into a company named XYZ LTD. on the date of Balance Sheet as per the following terms:

অংশীদারেরা উদ্বর্ত পত্রের তারিখে নিম্নলিখিত শর্তের ভিত্তিতে অংশীদারী কারবারটিকে XYZ লিমিটেড কোম্পানীতে পরিণত করার সিদ্ধান্ত নেন;

- (i) The Assets and Liabilities are revalued as follows:

Land and Building	Rs. 95,000
Plant and Machinery	Rs. 92,000
Stock	Rs. 36,000
Debtors	Rs. 72,450
Bills Receivable	Rs. 12,000
Creditors	Rs. 40,000
Goodwill	Rs. 15,000

- (ii) The purchase consideration would be discharged by issue of 12,000 equity shares of Rs. 10 each, at a premium of Rs. 2 each and 750 preference shares of Rs. 100 each and the Balance Sheet in cash.

- (iii) The cost of acquisition of the company amounted to Rs. 10,000 and was borne by XYZ LTD.

You are required to give the Journal entries in the Books of XYZ LTD. and prepare the Balance Sheet of the company after the conversion of the firm.

OR/অথবা

The Balance Sheet of A LTD. as at 31st December, 2019 is as follows:

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Liabilities	Amount	Assets	Amount
Authorized and Issued Capital:		Fixed Assets	14,30,000
8000 shares of Rs. 100	8,00,000	Stock-in-Trade	80,000
6% Debentures	14,00,000	Debtors	30,000
Accrued interest on the above	70,000	Investments	17,000
Trade Creditors	4,50,000	Cash	1,03,000
Income Tax due	10,000	Profit and Loss A/c	10,70,000
	27,30,000		27,30,000

The following scheme of reorganization was approved and confirmed by the court:

- Each share shall be subdivided into twenty fully paid equity shares of Rs. 5 each.
- After sub-division each share holder shall surrender to the company 95% of his holding, for the purpose of re-issue to debenture holders and creditors so far as required and otherwise for cancellation.
- Of these surrendered 46,000 shares of Rs. 5 each shall be converted into 8% participating preference shares of Rs. 5 each fully paid.
- The liability for income tax is to be satisfied in full.
- Debenture holders total claim to be reduced to Rs. 2,30,000. This will be satisfied by the issue to them 46,000 participating preference shares of Rs. 5 each fully paid.
- The claims of unsecured creditors shall be reduced by 80% and the balance shall be satisfied by allotting them equity shares of Rs. 5 each fully paid from the shares surrendered.
- Shares surrendered and not issued shall be cancelled.

You are required to pass Journal entries for giving effect to the arrangements and also to draw up the resultant Balance Sheet of the company.

2. The statement of assets and liabilities of H. LTD. and its subsidiary S. LTD. as on 31.03.2019:

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Particulars	H. LTD. (Rs.)	S. LTD. (Rs.)
I. EQUITY AND LIABILITY:		
1. Shareholders Fund:		
(a) Equity Share of Rs. 10 fully paid up	10,00,000	4,00,000
(b) Reserve and Surplus:		
General Reserve (01.04.2018)	4,80,000	2,00,000
Profit and Loss Balance	1,14,400	1,64,000
2. Non-Current Liabilities:	-	-

3. Current Liabilities:		
Short-term borrowings	2,00,000	-
Bills Payable	-	26,000
Sundry Creditors	1,39,600	40,000
TOTAL	19,34,000	8,30,000
II. ASSETS		
1. Non-Current Assets:		
(a) Fixed Assets:		
Land and Buildings	3,60,000	3,80,000
Plant and Machinery	4,80,000	2,70,000
(b) Non-Current Investment:		
Investment in Equity Shares of S. LTD.	6,45,500	-
Other Non-Current Investment	74,500	-
2. Current Assets:		
Inventory	2,20,000	80,000
Sundry Debtors	96,000	84,000
Bills Receivables	27,600	-
Cash and Cash Equivalents	30,400	16,000
TOTAL	19,34,000	8,30,000

The following information are also available:

- H. LTD. acquired 32,000 equity shares of Rs. 10 each in S. LTD. on October 1, 2018 for Rs. 6,45,500.
- The statement of Profit and Loss of S. LTD. showed a profit of Rs. 60,000 on 01.04.2018, out of which a dividend of 10% was paid on November 1, 2018 for the year 2017-20018.
- The Plant and Machinery of S. LTD. which stood at Rs. 3,00,000 on 01.04.2018 was considered worth Rs. 3,60,000 on the date of acquisition by H. LTD.
- Sundry Debtors of S. LTD. include Loan to H. LTD. Rs. 14,000. H. LTD. remitted a cheque of Rs. 14,000 to S. LTD. on 27th March 2019 for repayment of Loan, which was received by S. LTD. in April 2019.

Prepare a Consolidated Balance Sheet of H. LTD. and its subsidiary S. LTD. as on 31st March, 2019.

OR/অথবা

- On 01.01.2019 H. LTD. purchased 24,000 equity shares in S. LTD. On that date S. LTD. had Rs. 2,500 in General Reserve and Rs. 37,500 (Dr.) in Profit and Loss A/c.

From their Balance Sheet on 31.12.2014, prepare a consolidated Balance Sheet.

Balance Sheet as at 31.12.2019

Liabilities	H.LTD	S. LTD.	Assets	H. LTD.	S. LTD.
Equity Share Capital (Shares of Rs. 10 each)	7,50,000	3,00,000	Fixed Assets	6,85,000	1,60,000
Reserves	90,000	7,500	Current Assets	1,05,000	1,71,500
Profit and Loss A/c	60,000	-	Investments in S. LTD.	2,00,000	-
Sundry Creditors	90,000	31,500	Profit and Loss A/c	-	7,500
	9,90,00	3,39,000		9,90,000	3,39,000

Fixed assets standing in the Books of S. LTD. at Rs. 90,000 was considered worth Rs. 75,000 on the date of acquisition of shares. 20% Depreciation has been written-off since acquisition.

Stock of H. LTD. includes Rs. 30,000 on which S. LTD. made profit of Rs. 7,500.

- (b) Write short not on Holding Company.

টাকা লেখোঃ হোল্ডিং কোম্পানী।

3. What are the factors that should be considered in Valuing Goodwill?

সুনাম মূল্যায়নের ক্ষেত্রে কী কী উপাদান / বিষয় বিবেচনা করতে হয় ?

OR/অথবা

Following particulars available in relation to A. LTD.

- (i) Equity Share Capital- 4,000 Equity Shares of Rs. 100 each fully paid
- (ii) 1000, 8% preference shares of Rs. 700 each
- (iii) Reserves and Surplus- Rs. 1,25,000
- (iv) 10% Debentures Rs. 4,00,000
- (v) Earnings Before Depreciation and Interest and Taxes (EBDIT) Rs. 2,74,000
- (vi) Depreciation- Rs. 50,000
- (vii) Income Tax rate is 30%
- (viii) Earning Per Share (E/P) ratio in the industry is 1/8 and dividend yield is 16%.
- (ix) During the last three years the company paid dividend at 20%, 19% and 27% respectively.

Calculate the market price of each equity share under Earnings Method and under Dividend Method.

4. Modern India went into Voluntary Liquidation on 31.12.2018 when their Balance Sheets read as follows:

Liabilities	Amount Rs.	Assets	Amount Rs.
5,000 10% Cum, Pref. shares of Rs. 100 each fully paid	5,00,000	Land and Building	2,50,000
2,500 Equity Shares of Rs. 100 each, Rs. 75 paid	1,87,500	Plant and Machinery	6,25,000
7,500 Equity Shares of Rs. 100 each, Rs. 60 paid	4,50,000	Patents	1,00,000
15% Debentures secured by a floating charge	2,50,000	Stock	1,37,500
Interest outstanding on Debentures	37,500	Sundry Debtors	2,75,000
Creditors	3,18,750	Cash and Bank	75,000
	17,43,750	Profit and Loss A/c	2,81,250
			17,43,750

Preference Dividends were in arrears for 2 years and the creditors included preferential creditors of Rs. 38,000.

The assets realised as follows:

Land and Building	Rs. 3,00,000
Plant and Machinery	Rs. 5,00,000

Patents	Rs. 75,000
Stock	Rs. 1,50,000
Sundry Debtors	Rs. 2,00,000

The expenses of liquidation amounted to Rs. 27,250.

The liquidator is entitled to a commission of 3% on assets realised except cash. Assuming the Final Payments including those on Debentures is made on 30.6.2019. Show the liquidators Final Statement of Account.

OR/অথবা

- (a) Write a short note on “Non-Performing Assets”. 3
 “অনুৎপাদনশীল সম্পত্তি” এর উপর একটি সংক্ষিপ্ত টীকা লেখো।
- (b) Write in brief the different items of Balance Sheet of Banking Company. 6
 Banking Company-এর উদ্ধৃত পত্রে বিভিন্ন বিষয়গুলির সংক্ষিপ্ত বিবরণ লেখো।

MODULE-II

Answer any one question from Q. No. 5 and 6

10×1 = 10

Q. No. 5 এবং 6-এর মধ্যে যে-কোন একটি প্রশ্নের উত্তর দাও

5. What is Historical Cost Accounting? Briefly explain the limitation of this Accounting System. 2+8

ঐতিহাসিক ব্যয় পদ্ধতি কাকে বলে ? এই পদ্ধতির সীমাবদ্ধতাগুলি সংক্ষেপে ব্যাখ্যা করো।

OR/অথবা

What do you mean by Accounting theory? Explain how Accounting theory is related with Accounting Practice. 2+8

হিসাবনিকাশের তত্ত্ব বলতে কি বোঝায় ? হিসাব তত্ত্ব কিভাবে হিসাব কার্যের সাথে যুক্ত আলোচনা করো।

6. (a) What is meant by Accounting Ratio? Discuss its limitation. 2+4

হিসাব সংক্রান্ত অণুপাত বলতে কি বোঝায় ? এর সীমাবদ্ধতা আলোচনা করো।

- (b) From the following information compute average collection period: 4

নিম্নে প্রদত্ত তথ্যের সাহায্যে গড় পাওনা আদায়কাল নির্ধারণ করো।

Average inventory	Rs. 2,40,000
Debtors	Rs. 1,80,000
Inventory Turnover	6 times
Gross Profit	10%
Credit Sales to total sales	20%

(Assume 360 days in a year)

OR/অথবা

Prepare a Trading and Profit & Loss Account for the year ended 31st December 2019 from the following data: 10

Current Ratio	1.75
Liquidity Ratio	1.25
(Debtors and Bank Balances to Current Liabilities)	
Issued Capital (Equity Share of Rs. 10 each)	Rs. 1,20,000

Net Current Assets	Rs. 60,000
(Over Current Liabilities)	
Fixed Assets (Net Block) percentage of Shareholders	
Equity as on the closing date	60%
Gross Profit (% of turnover)	20%
Annual rate of turnover of stock	5.26 times
(based on cost on 31.12.2019)	
Average outstanding Debtors of the year 2019	2 months
Net Profit (% on issued share capital)	16%
On 31.12.2019 current assets consisted of stock, debtors and bank balances.	

You are required to prepare Trading and Profit & Loss A/C for the year ended 31.12.2019 and Balance Sheet as on that date.

OR/অথবা

From the following particulars of Alchemist prepare the Balance Sheet of the firm concerned:

10

Stock Velocity	6
Capital Turnover Ratio	2
Fixed Assets Turnover Ratio	4
Gross Profit Ratio	20%
Debt Collection Period	2 months
Creditors Payment Period	73 days

The gross profit was Rs. 60,000. Closing Stock was Rs. 5,000 in excess of the opening stock.

Answer any one question from Q. No. 7 and 8

15×1 = 15

Q. No. 7 এবং 8-এর মধ্যে যে-কোন একটি প্রশ্নের উত্তর দাও

7. (a) Explain the different techniques of Financial Statement analysis.

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আর্থিক বিবরণী বিশ্লেষণের বিভিন্ন পদ্ধতিগুলি আলোচনা করো।

- (b) From the following information, prepare a common size Balance Sheet for the year 2018 and 2019.

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Balance Sheet of P. LTD.

Liabilities	2018 Rs.	2019 Rs.	Assets	2018 Rs.	2019 Rs.
Equity Share Capital	2,00,000	2,00,000	Fixed Assets	3,00,000	4,00,000
10% Pref. Share Capital	1,00,000	1,00,000	Investments	2,00,000	2,00,000
Reserve and Surplus	3,00,000	4,00,000	Current Assets	5,00,000	6,00,000
Secured Loan	2,00,000	2,00,000			
Unsecured Loan	1,00,000	1,00,000			
Current Liabilities	1,00,000	2,00,000			
	10,00,000	12,00,000		10,00,000	12,00,000

OR/অথবা

- (a) Discuss the merits and demerits of Trend Analysis.

6

গতি প্রকৃতি বিশ্লেষণের সুবিধা ও অসুবিধা আলোচনা করো।

- (b) From the following information, interpret the results of a Manufacturing concern using Trend Ratio.

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নিম্নলিখিত তথ্য থেকে Trend Ratio ব্যবহার করে একটি উৎপাদনকারী প্রতিষ্ঠানের কার্যকলাপের ফলাফল ব্যাখ্যা করো।

(Amount in '000 Rupees)

For the year ended 31st March

	2019	2018	2017	2016
Sales (Net)	13,000	12,000	9,500	10,000
Cost of Goods Sold	7,280	6,960	5,890	6,000
Gross Profit	5,720	5,040	3,610	4,000
Selling Expenses	1,200	1,100	970	1,000
Net Operating Profit	4,520	3,940	2,640	3,000

8. The following are the summarized Balance Sheets of Gama Co. as on 31.12.2018 and 31.12.2019:

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Liabilities	31.12.18	31.12.19	Assets	31.12.18	31.12.19
	(Rs.)	(Rs.)		(Rs.)	(Rs.)
Share Capital	2,00,000	2,50,000	Land & Building	2,00,000	1,90,000
General Reserve	50,000	60,000	Machinery	1,50,000	1,69,000
P/L A/C	30,500	30,600	Stock	1,00,000	74,000
Bank Loan(Long Term)	70,000	-	Debtors	80,000	64,200
Creditors	1,50,000	1,35,200	Cash	500	600
Provision for Taxation	30,000	35,000	Bank	-	8,000
			Goodwill	-	5,000
Total	5,30,500	5,10,800		5,30,500	5,10,800

Additional information during the year ended 31.12.2019:

- Dividend of Rs. 23,000 was paid.
- Assets of another company were purchased for consideration of Rs. 50,000 payable in share.
- The following assets were purchased: Stock Rs. 20,000; Machinery Rs. 25,000; Goodwill Rs. 5,000.
- There was a further purchase of machinery for Rs. 8,000.
- Depreciation written off of machinery was Rs. 12,000.
- Income tax provided during the year was Rs. 33,000.
- Loss on sale of machinery was Rs. 200 which was written off to General Reserve.

You are required to prepare a Cash Flow Statement for the year 31.12.2019 as per the AS-3.

OR/অথবা

From the following details extracted from the books of PQR Ltd. Prepare a Fund Flow Statement for the year 2019, showing either decrease or increase in Working Capital in separate statement.

(I) Balance sheet as on 31.12.2018 and 31.12.2019

Particulars	31.12.2018	31.12.2019
Assets:	(Rs.)	(Rs.)
Patent	22,000	20,000
Land	62,000	50,000
Building at cost	1,30,000	1,30,000
Accumulated Depreciation of Building	(39,000)	(45,000)
Equipment at cost	63,000	70,000
Accumulated Depreciation of Equipment	(23,000)	(25,000)
Inventory	75,000	70,000
Debtors	50,000	80,000
Bank	30,000	40,000
Total	<u>3,70,000</u>	<u>3,90,000</u>
Liabilities:		
Equity Shares	1,00,000	1,00,000
Reserves	30,000	40,000
P & L A/C	20,000	25,000
Term Loan	1,60,000	1,70,000
Outstanding Expenses	5,000	7,000
Creditors	55,000	48,000
Total	<u>3,70,000</u>	<u>3,90,000</u>

(II) Other Details

- A piece of equipment was sold for a price that produced a loss Rs. 500. Its original cost was Rs. 2,500 and its book value at the time of sale was Rs. 1,500.
- A piece of land that originally cost Rs. 1,200 was sold for cash at a price that yielded a gain Rs. 2,500.
- An equity dividend of Rs. 10,000 was declared and paid in cash in 2019.
- No provision was made in accounts in respect of a credit sale of Rs. 2,000 in 2019 which is likely to be bad and unrealizable.

N.B. : Students have to complete submission of their Answer Scripts through E-mail / Whatsapp to their own respective colleges on the same day / date of examination within 1 hour after end of exam. University / College authorities will not be held responsible for wrong submission (at in proper address). Students are strongly advised not to submit multiple copies of the same answer script.

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