

B.COM (A&F). DEGREE EXAMINATION NOVEMBER 2019
ACCOUNTING AND FINANCE
FIRST SEMESTER

COURSE : MAJOR – CORE
PAPER : FINANCIAL REPORTING AND ANALYSIS
TIME : 3 HOURS **MAX. MARKS: 100**

SECTION – A

ANSWER ALL QUESTIONS: **(10 x 2 = 20)**

1. What are the advantages of Accounting Standards?
2. List out the usual items that appear on the debit side of Trading Account.
3. Pass the journal entries for: [i] Interest on Capital & [ii] Interest on Drawings.
4. Write any two objectives of preparing funds flow statement.
5. Write down the format for calculating Cost of Raw material consumed.
6. Calculate the working capital from the following details:

Particulars	Amount / Rs.
Stock	30,000
Debtors	20,000
Bills Receivable	7,000
Machineries	40,000
Creditors	30,000
Long-term investments	10,000

7. Calculate the Gross Profit Ratio from the following particulars:

Particulars	Amount / Rs.
Sales	100,000
Purchases	60,000
Sales return	10,000
Purchases return	15,000
Opening stock	20,000
Closing stock	5,000
Stationeries	1,500

8. Find the working capital turnover ratio from the following:

Particulars	Amount / Rs.
Cash	10,000
Bills Receivable	5,000
Sundry Debtors	25,000
Stock	20,000
Sundry Creditors	30,000
Cost of sales	150,000

9. Calculate Purchases for the year when Sales is Rs.33,984, Sales returns Rs.380, Stock at the beginning at cost Rs.1,378, and Stock at the end at cost Rs.1,814, Gross profit Rs.8,060.
10. Find out Funds from Operations from the following information: Net profit Rs.6,50,000, Profit on sale of building Rs.40,000, Goodwill written off Rs.10,000, old machinery worth Rs.8,000 has been sold for Rs.6,500, Depreciation on plant at 20% has been provided (value of plant Rs.5,00,000).

SECTION – B

ANSWER ANY FIVE QUESTIONS:

(5 x 8 = 40)

11. Discuss the benefits of Accounting Standards in India.
12. Calculate the cash from operations from the following P&L a/c:

Particulars	Rs.	Particulars	Rs.
To Salaries	30,000	By Gross Profit	140,000
To Rent	25,000	By Profit on sale of land	15,000
To Depreciation	7,000	By Income tax refund	10,000
To Loss on sale of land	10,000		
To Preliminary expenses written off	5,000		
To Proposed Dividend	20,000		
To Provision for taxation	53,000		
	165,000		165,000

13. From the following particulars, determine the maximum remuneration available to a full time director of a manufacturing company:

-> The Profit & Loss account of the company showed a net profit of Rs. 40 Lakhs after taking into account the following items:

S.No.	Particulars	Rs.
1	Depreciation [including special depreciation of Rs. 40,000]	100,000
2	Provision of income tax	200,000
3	Donation to political parties	50,000
4	Ex-gratia payment to a worker	10,000
5	Capital Profit on sale of assets	15,000

14. Calculate Debt – Equity Ratio from the following:

Particulars	Rs.
Equity share capital	200,000
General reserve	160,000
10% Debentures	150,000
Current Liabilities	100,000
Preliminary expenses	10,000

15. From the following extracts from the balance sheets of XYZ Co. Ltd. as on 31.12.2014 and 31.12.2015, you are required to compute funds from operations:

Particulars	Rs.	Rs.
P&L appropriation a/c	90,000	220,000
General Reserve	60,000	75,000
Goodwill	30,000	15,000
Preliminary expense	18,000	12,000
Provision for depreciation on machinery	30,000	36,000

16. Compute the Operating ratio from the following particulars:

Particulars	Rs.
Total Sales	265,000
Sales Return	15,000
Gross Profit Ratio	30%
Administrative expenses	15,000
Selling & Distribution expenses	10,000

17. Prepare Common size income statement for the two years from the following information:

Particulars	2011 Rs.	2012 Rs.	Particulars	2011 Rs.	2012 Rs.
To Cost of Sales	2,40,000	3,50,000	By Sales	4,00,000	5,00,000
To Gross profit	1,60,000	1,50,000			
	4,00,000	5,00,000		4,00,000	5,00,000
To operating expenses			By Gross profit	1,60,000	1,50,000
Administration	25,000	30,000	By interest on investment	20,000	50,000
Selling	15,000	20,000			
Distribution	10,000	10,000			
To non-operating expenses					
Finance	20,000	20,000			
To Goodwill written off	10,000				
To net profit	1,00,000	1,20,000			
	1,80,000	2,00,000		1,80,000	2,00,000

SECTION – C

ANSWER ANY TWO QUESTIONS:

(2 x 20 = 40)

18. From the following Trial Balance of Mr. A, you are required to prepare a Trading A/c, Profit & Loss A/c and Balance sheet for the year ended 31st December 2015:

Debit Balances	Amount [Rs.]	Credit Balances	Amount [Rs.]
Stock as on 1.1.15	70,000	Capital	200,000
Plant & Machinery	50,000	Wages outstanding	4,000
Rent	3,000	Sales	500,000
Depreciation on Plant & Machinery	5,000	Creditors	45,000

Drawings	40,000	Bills Payable	16,000
Wages	20,000	Discount [Cr.]	12,000
Income Tax	2,000	Bank Overdraft	9,000
Salary for 11 months	11,000	Commission [Cr.]	8,000
Cash	5,000	Purchase returns	5,000
Buildings	160,000		
Depreciation on Buildings	8,000		
Purchases	300,000		
Debtors	80,000		
Bills Receivables	30,000		
Discount [Dr.]	2,000		
Carriage Inwards	4,000		
Bad debts	6,000		
Sales Returns	3,000		
Total	7,99,000	Total	7,99,999

Adjustments:

- [i] Stock as on 31.12.2015 was Rs.96,000
- [ii] Stock destroyed by fire was Rs.6,000 and the Insurance company accepted a claim of Mr. A
- [iii] Rs.1600 paid as rent of the office was debited to landlord account and was included in the list of debtors.
- [iv] Goods invoiced Rs.10,000 was sent to customers on sale or return basis on 28th December 2015, the customers still having the right to return the goods. The rate of gross profit was 1/5th of sale.
- [v] Write off further bad debts Rs.4,000 and maintain 5% provision for bad debts on debtors.
- [vi] One month's salary was outstanding.

19. M Ltd. furnishes the following information for the years ending 31st Dec. 2015-16. Prepare Cash Flow Statement for the year ended 31-12-2016:

Balance Sheet

Liabilities	2015	2016	Assets	2015	2016
Equity Share Capital	20,000	20,000	Goodwill	2,400	2,400
General Reserve	2,800	3,600	Land	8,000	7,200
Profit and Loss account	3,200	2,600	Buildings	7,400	7,200
Sundry Creditors	1,600	1,080	Investment	2,000	2,200
Outstanding expenses	240	160	Inventories	6,000	4,680
Provision for tax	3,200	3,600	Accounts receivables	4,000	4,440
Provision for bad debts	80	120	Bank balance	1,320	3,040
	31,120	31,160		31,120	31,160

Additional Information:

- a. A piece of land has also been sold for Rs.800.
- b. Depreciation amounting to Rs.1,400 has been charged on Buildings.
- c. Provision for taxation has been made for Rs.3,800 during the year.

20. From the following balance sheets, prepare a sources and application statement:

Liabilities	2014 Rs.	2015 Rs.	Assets	2014 Rs.	2015 Rs.
Share Capital	200,000	210,000	Fixed assets	350,000	475,000
Retained earnings	160,000	300,000	Inventory	100,000	95,000
Premium on shares	---	5,000	Bills Receivable	43,000	50,000
Accumulated Depreciation	80,000	100,000	Prepaid expenses	4,000	5,000
Debentures	60,000	---	Cash	15,800	10,200
Bills Payable	37,800	40,200	Commission on shares	25,000	20,000
Total	537,800	655,200	Total	537,800	655,200

Additional Information:

- i. Depreciation for the year Rs.20,000.
- ii. Income tax paid was Rs.40,000.
- iii. Interim dividend paid during year was Rs.20,000.

21. Prepare a Balance Sheet with as many details as possible from the following information:

- Gross Profit Ratio 20%
- Debtors Turnover Ratio 6 times
- Fixed Assets to Networth 0.80
- Reserves to Capital 0.50
- Current Ratio 2.50
- Liquid Ratio 1.50
- Net Working Capital Rs.3,00,000
- Stock turnover ratio 6 times
