

STELLA MARIS COLLEGE (AUTONOMOUS) CHENNAI – 600 086.
(For candidates admitted during the academic year 2019-20 and thereafter)
COURSE CODE: 19AF/MC/FR14

B.COM. (A&F) DEGREE EXAMINATION DECEMBER 2020
ACCOUNTING AND FINANCE
FIRST SEMESTER

COURSE : MAJOR – CORE

PAPER : FINANCIAL REPORTING AND ANALYSIS

TIME : 90 MINUTES

MAX. MARKS: 50

SECTION - A

(3 x 2 = 6)

Answer all questions:

1. Define Inventories as per AS-2.
2. State the effect on working capital caused by following: increase in cash Rs.1,700, increase in stock Rs.1,600, decrease in debtors Rs.500 and decrease in creditors Rs.2,500.
3. Pass necessary adjustment entries for the following adjustments.
 - a) Provide 10% interest on capital of Rs.6,00,000.
 - b) Goods worth Rs.5,000 distributed as free samples to customers

SECTION B

Answer Any Three Questions:

(3 x 8 = 24)

4. Determine maximum remuneration payable to the part-time directors and Manager of India Ltd. under section 309 and 387 of Companies Act from the following:
 Before charging any such commission, the Profit and Loss account showed a credit balance of Rs.15,55,000 for the year ended 31st March 2018 after taking into account the following:

Profit on sale of investments	2,20,000	Subsidy received from Government	4,10,000
Loss on sale of fixed assets	65,000	Ex-gratia to an employee	20,000
Proposed dividend	20,000	Profit on sale of asset	40,000
Compensation paid to injured workman	75,000	Cost price Rs.95,000	
Bonus to foreign technicians	3,12,000	WDV Rs.70,000	
Initial depreciation	75,000	Director's fees	10,000
Capital expenditure	4,10,000	Provision for taxation	1,25,000
		Multiple shift allowance	1,00,000

5. Taurus Ltd. had a profit balance of Rs.3,45,000 after charging the following items to Profit and Loss Account for the year ending 31.3.2012:

Amortization of patents	Rs.6,500
Depreciation of buildings	Rs.10,200
Profit on sale of machinery	Rs.34,000
Provision for tax	Rs.10,000

The following details for the company are also available:

	31.3.2011	31.3.2012
	Rs.	Rs.
Bills receivable	20,000	16,000
Outstanding expenses	500	1,500
Income received in advance	12,000	10,000
Creditors	28,000	34,000
Prepaid expenses	4,000	6,000
Bills receivable	20,000	16,000
Debtors	35,000	43,000

Income tax of Rs.8,000 was paid. Compensation for loss suffered in land dispute Rs.20,000. Calculate Net Cash from Operations.

6. Following is the Profit and Loss account of Padma Ltd. for the year ending 31st December 2018:

Particulars	Amount	Particulars	Amount
	Rs.		Rs.
To Opening stock	7,625	By Sales	50,000
To Purchases	31,525	By closing stock	9,850
To Carriage	200		
To Wages	500		
To Gross Profit	20,000		
	59,850		59,850
To Administrative expenses	10,100	By Gross profit	20,000
To Finance expenses		By Non-operating income:	
Interest	120	Interest on securities	150
Discount	240	Dividend on shares	375
Bad debts	340	Profit on sale of shares	75
To selling and distribution Expenses	1,200		
To Non-operating expenses:			
Loss on sale of securities	200		
To Net profit	8,400		
	20,600		20,600

Calculate Expenses Ratio, Gross profit ratio, Net profit ratio, Operating ratio, and Stock turnover ratio.

7. The following ledger balances were extracted from the books for Krishna Co. Ltd. as on 31.3.2017:

Particulars	Rs.
Land and Building	13,75,500
12% Debentures	2,00,000
Share capital (Equity shares of Rs.10 each fully paid up)	10,00,000
General Reserve	1,95,000
Stock	1,25,000
Bank	1,23,500
Debtors	1,50,000
Profit and Loss account (Cr)	1,45,000

Provide for proposed dividend of 15%. Current year's profits Rs.2,34,000.
Prepare the Balance sheet as per revised schedule VI of Companies Act.

SECTION C

Answer Any One Question:

(1 x 20 = 20)

8. From the following Balance Sheet of Madras Ltd. , prepare the Funds Flow Statement:

Liabilities	31.03.2009 Rs.	31.3.2010 Rs.	Assets	31.03.2009 Rs.	31.3.2010 Rs.
Share Capital	4,00,000	4,00,000	Land and Building	3,00,000	2,80,000
General Reserve	80,000	90,000	Plant and Machinery	3,60,000	3,50,000
Profit and Loss a/c	50,000	72,000	Investments	80,000	74,400
10% Debentures	2,00,000	1,60,000	Stock	96,000	1,70,000
Bank Loan	1,00,000	1,20,000	Debtors	1,20,000	1,59,600
Creditors	80,000	1,16,000	Cash and Bank	28,000	17,000
Outstanding expenses	4,000	5,000	Prepaid expenses	10,000	8,000
Proposed Dividend	60,000	72,000			
Provision for taxation	20,000	24,000			
	9,94,000	10,59,000		9,94,000	10,59,000

Additional Information:

- New machinery for Rs.60,000 was purchased, but an old machinery costing Rs.29,000 and was sold for Rs.10,000 and accumulated depreciation thereon was Rs.15,000.
- Income tax paid during the year was Rs.16,000.
- An interim dividend of Rs.24,000 been paid during the year.
- Investments are long-term investments.

9. From the following ledger Balances extracted at the close of Trading year ended 31st March, 2019 prepare a Trading Account, Profit & Loss Account and Balance Sheet at that date , after giving effect to the following adjustments:

Particulars	Amount Rs.	Particulars	Amount Rs.
Capital on 1-4-2018	50,000	Business Premises	55,000
Stock on 1-4-2018	8,000	Furniture & Fixtures	2,500
Purchases	20,000	Bills receivable	3,500
Sales	80,000	Bills payable	2,500
Return Inwards	1,500	Sundry Debtors	20,000
Return Outwards	400	Sundry Creditors	15,800
Wages	6,900	Machinery	4,500
Advertisement for launch of new product	5,500	Smith 's Loan @10% on 1-4-2018 (Dr)	5,000
Interest on Smith's loan (Cr)	300	Investment	3,000
Proprietor's withdrawals	3,000	Cash in Hand	250
Office expenses	8,050	Cash in Bank	3,500
Interest on Investment (Cr)	1,200		

Adjustments:

- Stock in hand at 31st March 2019 Rs.7,000
- Interest on capital to be allowed at 5% for the year.
- Interest on drawings to be charged to him as ascertained for the year Rs.80
- Stock valued at Rs.3,000 destroyed by fire on 25-3-2019 but the Insurance Company admitted a claim of Rs.2,000 only and paid it in April,2019.
- Included in Sales is an amount of Rs.10,000 representing goods on "Sale or Return", the customer still having the right to return the goods. The goods were invoiced charging a profit of 20% on sales.
- The Manager is entitled to a commission of 10% of net profit after charging such commission.
- Advertisement Rs.500 to be written off.
