

**STELLA MARIS COLLEGE (AUTONOMOUS) CHENNAI – 600 086.**  
**(For candidates admitted during the academic year 2011 – 12 & thereafter)**  
**SUBJECT CODE :11CM/AC/FS14**  
**B.C.A. DEGREE EXAMINATION NOVEMBER 2012**  
**FIRST SEMESTER**

REG.NO. \_\_\_\_\_

**COURSE : ALLIED – CORE**  
**PAPER : FINANCIAL STATEMENTS & ANALYSIS**  
**TIME : 30 MINUTES** **MAX. MARKS : 30**

**SECTION – A**

**[TO BE ANSWERED ON THE QUESTION PAPER ITSELF]**

**ANSWER ALL QUESTIONS: (30 x 1 = 30)**

**I Fill in the Blanks :**

1. The journal is the book of \_\_\_\_\_ entry.
2. If the debit side of an account exceeds its credit side, the difference is called \_\_\_\_\_ balance.
3. Patents and trademarks are classified as \_\_\_\_\_ asset.
4. As per the going concern concept, business is viewed as having \_\_\_\_\_ life.
5. Financial statements are \_\_\_\_\_ facts.
6. The statement which renders comparison of financial information between two accounting period is referred to as \_\_\_\_\_ statement.
7. Turnover Ratios help management in managing \_\_\_\_\_.
8. Debt-Equity Ratio is also known as \_\_\_\_\_.
9. Total of direct cost is referred to as \_\_\_\_\_.
10. Warehouse rent is a part of \_\_\_\_\_ overhead.

**II State if the following Statements are True or False:**

11. Accounting principles is general law or rule followed in the preparation of financial statements.
12. In accountancy all business transactions are recorded as having dual aspect.
13. The convention of disclosure implies that all material information should be disclosed in the accounts.
14. Sales book is used for recording cash sales.
15. Subsidiary books are also called the books of original entry.
16. A loss is an expenditure which does not bring any benefit to the concern.
17. Analysis and interpretation of financial statements is only a post mortem of events expressed in terms of money.

18. Current Ratio is also known as Liquid ratio.  
 19. Bad debts are excluded from cost accounts.  
 20. Prime cost includes direct material, direct labour and other direct expenses.

### III Choose the correct answer :

21. Cost of sales plus profit is  
 a. Selling price  
 b. Value of finished goods  
 c. Value of goods produced  
 d. Value of stocks
22. Goodwill written off is a part of  
 a. Prime cost  
 b. Factory overhead  
 c. Office overhead  
 d. None of the above.
23. Financial Accounting deals with  
 a. Determination of costs  
 b. Determination of profits  
 c. Determination of Prices  
 d. Determination of liquidity
24. Accounting concepts are based on  
 a. Assumptions  
 b. Facts and figures  
 c. Accounting records  
 d. Conventions
25. Financial statements convey to different parties  
 a. Financial information  
 b. Market information  
 c. Price information  
 d. Investment information
26. Return on investment depends upon  
 a. Gross profit  
 b. Capital turnover  
 c. Operating profit and Net Profit  
 d. Operating profit
27. Operating profit is  
 a. Net profit after interest and taxes  
 b. Net profit before interest and Taxes  
 c. Gross sales minus cost of goods sold  
 d. Net profit minus cost of goods sold
28. According to money measurement concept the following will be recorded in the books of account :  
 a. Health of the chairman  
 b. Value of the asset  
 c. Quality control in the business  
 d. Number of employees
29. The accounting equation is based on  
 a. Going concern concept  
 b. Dual aspect concept  
 c. Money measurement concept  
 d. Accounting conventions
30. The trial balance shows  
 a. Both debit and credit balance  
 b. Only debit balances  
 c. Only credit Balances  
 d. Nominal account balances



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**TIME : 2 ½ HOURS** **MAX. MARKS : 70**

**SECTION – B**

**ANSWER ANY FIVE QUESTIONS:** **(5 x 8 = 40)**

1. Enter the following transactions in the journal of Harish 2012

Jan. 1 Commenced business with cash Rs.1,00,000.

1 Deposited into bank Rs.40,000.

2 Purchased goods for cash Rs.20,000

8 Sold goods to Hari Rs.30,000

10 Received cash from Hari Rs.29,000 and discount allowed Rs.1,000

12 Purchased goods from Hemant Rs.20,000

13 Paid Hemant Rs.19,500, discount allowed Rs.500

14 Paid salaries Rs.10,000

2. Prepare trading and profit and loss account from the information given below :

Opening stock	Rs. 3,600
Purchases	18,260
Wages	3,620
Closing stock	4,420
Sales	32,000
Carriage on purchases	500
Carriage on sales	400
Rent	900
Sales returns	700
Purchases returns	900
General expenses	900
Discount to customers	360
Interest from bank	200

3. Prepare a Comparative Profit and Loss account of Star Ltd. from the information given for the years 2010 and 2011 :

<b>Profit and Loss Account for the year ended 31<sup>st</sup> December</b>		
	<b>2010(Rs.)</b>	<b>2011(Rs.)</b>
<b>(Debit)</b>		
To Cost of sales	4,63,250	4,83,899
Administrative expenses	46,531	54,137
Selling expenses	91,823	1,15,632
Interest paid	4,275	3,500
Loss on sale of fixed assets	1,254	350
Income tax	43,038	80,390
Net profit	70,742	88,851
	<b>7,20,913</b>	<b>8,26,759</b>
<b>(Credit)</b>		
By Sales	7,21,456	8,34,250
Less Returns	11,588	13,503
	7,09,868	8,20,347
Interest	3,795	2,620
Discount	4,250	3,792
Profit on sale of land	3,000	-
	<b>7,20,913</b>	<b>8,26,759</b>

4. Following is the extract from the Balance Sheet of Mandrain Ltd as on 31.12.2011

	<b>Assets</b>	<b>Rs.</b>	<b>Liabilities</b>	<b>Rs.</b>
Stock		10,000	Creditors	25,000
Debtors		30,000	Acceptances	15,000
Payment in advance		2,000		
Cash in hand		20,000		

Sales for the year amounted to Rs.3,50,000. Stock at the end of 31.12.10 was Rs.20,000.

You are required to calculate :

- a. Current Ratio
- b. Quick Ratio
- c. Inventory turnover Ratio
- d. Average Collection period
- e. Debt Equity Ratio

5. The following cost data is from the books of Narain Ltd., which produces Tin sheets for industrial use for the quarter ended 30<sup>th</sup> September 2011 :

	<b>Rs.</b>
Stock of raw materials on 1.7.2011	55,000
Stock of raw materials on 30.9.2011	35,000
Materials purchased	6,15,000
Factory wages	8,30,000
Sales	18,00,000
Works overhead	1,30,000
Finished stock on 1.7.2011	Nil
Finished stock on 30.9.2011	200 units

Number of tin sheets manufactured during the quarter was 2000 units.  
Prepare a statement showing cost per unit, total cost and profit for the period.

6. Enter the following in the cash book of Mr.Nathan

April 1,2012	Commenced business with cash	24,000
5	Bought goods for cash	6,000
10	Goods sold for cash	11,200
13	Paid into bank	2,500
14	Sold goods on credit to Ganesh	9,000
15	Bought goods from Mohan on credit	13,600
20	Purchased furniture	9,600
23	Received cheque from Ganesh	9,000
25	Paid Mohan	13,600
30	Drawn from bank	3,800

7. Show how the following items will appear in the Balance sheet of Zee Ltd.

Authorised Capital 20,000 shares of Rs.100 each  
 Issued Capital 15,000 shares  
 Subscribed capital 12,500 shares  
 Calls in arrears on 100 shares at Rs.15 each  
 Reserve fund Rs.50,000  
 6% Debentures Rs.1,50,000  
 Fixed assets – Building Rs.10,00,000  
 Depreciation on building Rs.30,000  
 Machinery Rs.2,00,000  
 Investments Rs.3,00,000  
 Profit and loss account(cr.) Rs.1,00,000  
 Goodwill Rs.50,000  
 Trade mark Rs.50,000

## SECTION – C

ANSWER ANY TWO QUESTIONS:

(2 x 15 = 30)

8. Prepare Trading and Profit and loss account and Balance Sheet from the following Trial Balance of Mr.Sam

<b>Debit Balances</b>	<b>Rs.</b>	<b>Credit Balances</b>	<b>Rs.</b>
Sundry Debtors	92,000	Capital	70,000
Plant and Machinery	20,000	Purchases Returns	2,600
Interest	430	Sales	2,50,000
Rent,Rates and Insurance	5,600	Sundry creditors	60,000
Conveyance charges	1,320	Bank overdraft	20,000
Wages	7,000		
Sales returns	5,400		
Purchases	1,50,000		
Opening stock	60,000		
Drawings	22,000		
Trade expenses	1,350		
Salaries	11,200		
Advertising	840		
Discount	600		
Bad debts	800		
Business premises	12,000		
Furniture and Fixtures	10,000		
Cash in hand	2,060		
	<b>4,02,600</b>		<b>4,02,600</b>

Adjustments :

- Stock on hand on 31.12.2011 Rs.90,000
- Provide depreciation on premises at 2.5%, Plant and Machinery at 2.5%, Plant and Machinery at 7.5%, and furniture and fixtures at 10%.
- Write off Rs.800 as further bad debts.
- Outstanding rent was Rs.500 and wages Rs.400.
- Prepaid insurance Rs.300 and salaries Rs.700

9. The summary of Balance sheet data of Axe Ltd. Box Ltd. is as under :

	Axe Ltd. (Rs.)	Box Ltd.(Rs.)
Buildings	1,00,000	4,50,000
Machinery	3,00,000	7,50,000
Share capital	4,50,000	14,50,000
Retained Earnings	50,000	33,000
Debtors	1,15,000	1,60,000
Stock	60,000	2,17,000
Cash	10,000	5,000
Prepaid expenses	5,000	3,000
Creditors	91,000	1,00,000
Liability for expenses	9,000	17,000
Preliminary expenses	10,000	15,000

Prepare Common-size Balance Sheets

10. From the following statements of Cox Ltd. for the year ended 31<sup>st</sup> December 2011, you are required to re-arrange the items in the form of financial statements and compute the following Ratios :

- Operating Ratio
- Stock –turnover Ratio
- Turnover to Fixed Assets Ratio
- Return on Proprietors Fund
- Net profit to capital employed

Balance Sheet as on 31.12.2011			
	Rs.		Rs.
Equity Share capital	5,00,000	Land & Buildings	3,50,000
General Reserve	3,00,000	Plant & Machinery	2,50,000
Profit & Loss account	2,00,000	Stock	3,00,000
Sundry Creditors	2,00,000	Sundry Debtors	2,00,000
		Cash	1,00,000
	<hr/>		<hr/>
	12,00,000		12,00,000
	<hr/>		<hr/>
Profit and Loss Account			
To Opening stock	1,00,000	By Sales	16,00,000
Purchases (credit)	8,00,000	Closing stock	2,00,000
Gross Profit	9,00,000		
	<hr/>		<hr/>
	18,00,000		18,00,000
	<hr/>		<hr/>
To Office Expenses	2,00,000	By Gross Profit	9,00,000
Selling & Distribution expns.	1,00,000	Profit on sale of assets	25,000
Other expenses	25,000		
Net Profit	6,00,000		
	<hr/>		<hr/>
	9,25,000		9,25,000
	<hr/>		<hr/>

11. From the following information prepare a cost sheet for the month of December 2011:

		Rs.
Stock on hand 1.1.2011	Raw materials	25,000
	Finished goods	17,300
	Work-in-progress	8,200
Stock on hand 31.12.2011	Raw materials	26,200
	Finished goods	15,700
	Work-in-progress	9,100
Purchase of raw materials		21,900
Carriage on purchases		1,100
Sale of finished goods		72,300
Direct wages		17,200
Non productive wages		800
Direct expenses		1,200
Factory overheads		8,300
Administrative overheads		3,200
Selling and distribution overheads		4,200

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