

STELLA MARIS COLLEGE (AUTONOMOUS) CHENNAI – 600 086.
(For candidates admitted during the academic year 2019– 2020 and thereafter)
SUBJECT CODE:19AF/MC/FR14

B.COM (A&F). DEGREE EXAMINATION NOVEMBER 2022
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. Define Financial Reporting.
2. State the meaning of Deferred Revenue Expenditure.
3. Give a brief note on Managerial Remuneration.
4. Mention two differences between Cash flow statement and Fund flow statement.
5. What you mean by Ratio Analysis?
6. Calculate furniture purchased from the following details:
 - a. Opening balance Rs. 2,00,000
 - b. Closing balance Rs. 3,00,000
 - c. Depreciation charged Rs. 40,000
7. Calculate current assets and current liabilities from the following:
 - a. Current ratio: 2.5
 - b. Working capital: Rs. 90,000
8. Calculate remuneration for the whole-time directors from the net profit of the company Rs. 35,00,000.
9. Compute raw material consumed from the following details:

Stock opening	74,000
Freight inward	2,000
Purchases	45,000
Carriage inwards	3,000
Closing stock	90,000
Return outward	2,200

10. Find out funds from operations:

	Rs.
Net profit for the year	95,000
Depreciation on Fixed assets	42,000
Goodwill written off	20,000
Profit on sale of long-term investments	13,000

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

11. From the following particulars determine the maximum remuneration payable to a full time director of a manufacturing company. The profit and loss account of the company showed a net profit of Rs. 40,00,000 after taking into account the following items:
- Depreciation (including special depreciation of Rs. 40,000) Rs. 1,00,000
 - Provision for Income tax Rs. 2,00,000
 - Donation to political parties Rs. 50,000
 - Ex. Gratia payment to a worker Rs. 10,000
 - Capital profit on sale of assets Rs. 15,000
12. From the following particulars of ABC Ltd for the year ending 31.03.2019, prepare Trading and profit and loss account.

Particulars	Amount (Rs.)
General expenses	800
Rent	3,710
Electrical charges	190
Carriage inwards	850
Return outward	110
Salaries	1,100
Discount allowed	200
Stock (01.04.2018)	16,500
Sales	63,500
Purchases	46,850
Wages	2,500
Return inward	450

13. From the following information, prepare schedule of changes in working capital

Liabilities	2019 (Rs.)	2020 (Rs.)	Assets	2019 (Rs.)	2020 (Rs.)
Share capital	600	800	Cash	60	180
General reserve	200	100	debtors	150	200
Profit & loss a/c	60	120	bills receivables	60	100
Creditors	60	200	Inventories	300	390
Bills payable	30	70	Fixed assets	380	420
	950	1290		950	1290

14. Calculate debtors turnover from the following:

Particulars	Amount (Rs.)
Total sale for the year	1,00,000
Cash sale for the year	20,000
Debtors in the beginning	10,000
Debtors at the end	15,000
Bills receivables at the beginning	7,500
Bills receivables at the end	12,500

15. Prepare comparative Income statement from the following:

Particulars	2019 (Rs.)	2020 (Rs.)	Particulars	2019 (Rs.)	2020 (Rs.)
To cost of goods sold	500	600	By sales	700	860
To operating exp.					
Administrative	20	20			
Selling	30	40			
To net profit	150	200			
	700	860		700	860

16. Compute funds from operation from the following particulars:

Net profit for the year ended Rs. 6,50,000

Profit on sale of building Rs. 40,000

Goodwill written off during the year Rs. 10,000

Old machinery worth Rs. 8,000 has been sold for Rs. 6,500

Depreciation has been provided on plant @ 2% p.a. The value of plant is Rs. 5,00,000

17. Ascertain Net profit before tax and extra-ordinary items for the year 2013:

	2012	2013
	Rs.	Rs.
General Reserve	2,00,000	3,50,000
Profit & Loss account	1,50,000	2,40,000
Proposed Dividend	2,10,000	2,50,000
Provision for Taxation	2,00,000	2,50,000

An interim dividend of Rs. 1,00,000 was paid during 2013. Income tax paid in 2013 was Rs. 1,75,000. A compensation of Rs. 1,30,000 was received from the Government on account of riots.

SECTION – C

ANSWER ANY TWO QUESTIONS:

(2 x 20 = 40)

18. Prepare cash flow statement from the following balance sheet and additional information of Mr. Kumaran.

Liabilities	2018 (Rs.)	2019 (Rs.)	Assets	2018 (Rs.)	2019 (Rs.)
Capital	80,000	41,000	Building	70,000	100,000
Loan from SFC	--	30,000	machinery	35,000	20,000
Bank OD	60,000	96,000	Inventories	40,000	58,000
Creditors	42,000	60,000	Debtors	30,000	40,000
Outstanding expenses	8,000	13,000	cash	15,000	22,000
	1,90,000	2,40,000		1,90,000	2,40,000

Additional information:

During the year 2019, Mr. Kumaran sold a machinery costing Rs. 11,000 (accumulated depreciation Rs. 3,000) for Rs. 4,000. The accumulated depreciation on the machinery was Rs. 8,000 on 31.12.2018 and Rs. 12,000 on 31.12.2019. Profit and loss showed a net loss of Rs. 24,000 for the year 2019.

19. Ram Ltd. is a company with an authorized capital of Rs. 5,00,000 divided into 5,000 equity share of Rs. 100 each on 31.03.2015 of which 2,500 shares were fully called up.

The following are the balances from the ledger as on 31.03.2015.

Trial balance of Ram Ltd			
Debit balance	Amount (Rs.)	Credit balance	Amount (Rs.)
Opening stock	50,000	Sales	3,25,000
Purchases	2,00,000	Discount received	3,150
Wages	70,000	Profit & loss a/c	6,220
Discount allowed	4,200	Creditors	35,200
Insurance (30.06.2015)	6,720	Reserves	25,000
Salaries	18,500	Loan from M.D.	15,700
Rent	6,000	Share capital	2,50,000
General expenses	8,950		
Printing & stationery	2,400		
Advertisement	3,800		
bonus	10,500		
Debtors	38,700		
Plant	1,80,500		
Furniture	17,100		
Bank	34,700		
bad debts	3,200		
Calls in arrears	5,000		
	6,60,270		6,60,270

You are required to prepare statement of profit & loss for the year ended 31.03.2015 and the balance sheet as on the date. The following information is given:

- i. Closing stock was valued at 1,91,500
- ii. Depreciation on plant at 15% and on furniture 10% should be provided.
- iii. A tax provision of Rs. 8,000 is considered necessary.
- iv. The directors declared an interim dividend for six month ending 30.09.2015 at 6%.

20. Following are the details of the trading activities of Babu.

Stock velocity – 8 months

Debtors velocity – 3 months

Creditors velocity – 2 months

Gross profit ratio – 25%

Gross profit for the year Rs. 4,00,000. Bills receivables Rs. 25,000. Bills payable Rs. 10,000. Closing stock Rs. 10,000 more than the opening stock.

Find out:

- a. Sales
- b. Debtors
- c. Closing stock (April 2010)
- d. Creditors

21. Trial balance of Mr. Ram as on 31.12.2019 is given below:

Debit balance	Amount (Rs.)	Credit balance	Amount (Rs.)
Purchases	1,62,505	Sales	2,52,500
Sundry debtors	50,200	Doubtful debt reserve	5,200
Opening stock	26,725	Sundry creditors	30,526
Wages	23,137	Bills payable	3,950
Salaries	5,575	Outstanding wages	2,000
Furniture	7,250	Trade expenses	600
Postal exp.	4,226	outstanding	
Power & fuel	1,350	Capital account	10,000
Trade exp.	5,831		
Bad debts	525		
Loan given to Sathish on 01.09.2019 @ 15% p.a interest	3,000		
Bank	10,000		
Drawing account	4,452		
	3,04,776		3,04,776

With the help of following information prepare profit & loss a/c for the year ending 31.12.2019 and also balance sheet as on that date.

- Calculate dep. @ 10%
- An amount of Rs. 500 to be received from a customer could not be received as because he has become insolvent
- Maintain a reserve on doubtful debts on sundry debtors @ 5%
- Rs. 1,500 worth of goods damaged by Fire and the insurance company accepted claim up to Rs. 1,000.
- The value of closing stock on 31.12.2019 was Rs. 12,550.
