

STELLA MARIS COLLEGE (AUTONOMOUS) CHENNAI – 86
(For candidates admitted from the academic year 2023 – 2024)

B.Com DEGREE EXAMINATION, NOVEMBER 2023
ACCOUNTING AND FINANCE
FIRST SEMESTER

COURSE : MAJOR CORE
PAPER : FINANCIAL REPORTING AND ANALYSIS
SUBJECT CODE : 23AF/MC/FR14
TIME : 3 HOURS **MAX. MARKS: 100**

Q. No.	SECTION A (5 x 2 = 10 marks)	CO	KL																																
	Answer all questions:																																		
1.	State the accounting standard for revenue recognition.	1	1																																
2.	Give any two differences between Cash Flow and Funds Flow Statements.	1	1																																
3.	Calculate gross profit and cost of goods sold from the following information Net Sales Rs.2, 00,000 ; Gross Profit is 25% on cost.	1	1																																
4.	How do you show the following items in a comparative income statement? <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 30%;">Particulars</th> <th style="width: 20%;">31/03/2016</th> <th style="width: 20%;">31/03/2017</th> </tr> </thead> <tbody> <tr> <td>Sales</td> <td>10,00,000</td> <td>12,00,000</td> </tr> <tr> <td>Cost of Sales</td> <td>8,00,000</td> <td>10,50,000</td> </tr> </tbody> </table>	Particulars	31/03/2016	31/03/2017	Sales	10,00,000	12,00,000	Cost of Sales	8,00,000	10,50,000	1	1																							
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5.	Identify the value of furniture purchased from the following details Opening Balance Rs.2,00,000; Closing Balance Rs.3,00,000; Depreciation Charged Rs.40,000	1	1																																
Q. No.	SECTION B (4 x 5 = 20 marks)	CO	KL																																
	Answer any four questions:																																		
6.	(a) A manager gets 5% commission on net profit after charging such commission. What shall be his commission if gross profit is Rs.96,000 and expenses of indirect nature other than manager's commission are Rs.12,000? (3 marks) (b) Ascertain cost of goods sold from the following (2 marks) <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 25%;">Particulars</th> <th style="width: 15%;">Rs</th> <th style="width: 25%;">Particulars</th> <th style="width: 15%;">Rs</th> </tr> </thead> <tbody> <tr> <td>Opening Stock</td> <td>17,000</td> <td>Indirect expenses</td> <td>10,400</td> </tr> <tr> <td>Purchases</td> <td>61,400</td> <td>Closing Stock</td> <td>18,000</td> </tr> <tr> <td>Direct expenses</td> <td>9,600</td> <td></td> <td></td> </tr> </tbody> </table>	Particulars	Rs	Particulars	Rs	Opening Stock	17,000	Indirect expenses	10,400	Purchases	61,400	Closing Stock	18,000	Direct expenses	9,600			2	2																
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7.	Elucidate the advantages of Computerized accounting.	2	2																																
8.	Calculate cash from business operations from the following Profit & Loss a/c <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 30%;"></th> <th style="width: 20%;">Rs</th> <th style="width: 30%;"></th> <th style="width: 20%;">Rs</th> </tr> </thead> <tbody> <tr> <td>To Expenses paid</td> <td>3,00,000</td> <td>By Gross Profit b/d</td> <td>4,50,000</td> </tr> <tr> <td>To Depreciation</td> <td>70,000</td> <td>By Profit on sale of land</td> <td>50,000</td> </tr> <tr> <td>To Loss on sale of machine</td> <td>4,000</td> <td>By Dividends</td> <td>4,000</td> </tr> <tr> <td>To Discount</td> <td>200</td> <td>Interest on Investment</td> <td>6,000</td> </tr> <tr> <td>To Goodwill</td> <td>20,000</td> <td></td> <td></td> </tr> <tr> <td>To Net Profit</td> <td>1,15,800</td> <td></td> <td></td> </tr> <tr> <td></td> <td>5,10,000</td> <td></td> <td>5,10,000</td> </tr> </tbody> </table>		Rs		Rs	To Expenses paid	3,00,000	By Gross Profit b/d	4,50,000	To Depreciation	70,000	By Profit on sale of land	50,000	To Loss on sale of machine	4,000	By Dividends	4,000	To Discount	200	Interest on Investment	6,000	To Goodwill	20,000			To Net Profit	1,15,800				5,10,000		5,10,000	2	2
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9.	Calculate fund from operations from the data provided for the year 2016 (a) P&L a/c Balance on 1/1/2016 Rs.5,00,000; P&L a/c Balance on 31/12/2016 Rs.12,40,000 (b) Discount on issue of debentures written off during the year 2016 Rs.50, 000 (c) Profit on sale of Furniture Rs.26,000 ; Loss on sale of buildings 1,32,000.	2	2																																																												
10.	Prepare a comparative income statement of Vinayaka Travels Ltd for the years ending 31 st March 2016 & 2017 from the following <table border="1" data-bbox="279 481 1193 862"> <thead> <tr> <th></th> <th>2016 31st March Rs</th> <th>2017 31st March Rs</th> </tr> </thead> <tbody> <tr> <td>Purchase less returns</td> <td>80,000</td> <td>1,50,000</td> </tr> <tr> <td>Other direct expenses</td> <td>20,000</td> <td>50,000</td> </tr> <tr> <td>Sales</td> <td>1,80,000</td> <td>2,60,000</td> </tr> <tr> <td>Office expenses</td> <td>20,000</td> <td>25,000</td> </tr> <tr> <td>Selling Expenses</td> <td>10,000</td> <td>15,000</td> </tr> <tr> <td>Finance Expenses</td> <td>10,000</td> <td>8,000</td> </tr> <tr> <td>Profit</td> <td>40,000</td> <td>12,000</td> </tr> </tbody> </table>		2016 31 st March Rs	2017 31 st March Rs	Purchase less returns	80,000	1,50,000	Other direct expenses	20,000	50,000	Sales	1,80,000	2,60,000	Office expenses	20,000	25,000	Selling Expenses	10,000	15,000	Finance Expenses	10,000	8,000	Profit	40,000	12,000	2	2																																				
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11.	From the following particulars calculate current assets & current liabilities Current Ratio 2.5; Working Capital Rs.60,000.	2	2																																																												
Q. No.	SECTION C (4 x 10 = 40 marks) Answer the following:	CO	KL																																																												
12.	a. The following are the balance extracted from the books of Ganesh as on 31/12/2019. Prepare Trading & Profit and loss a/c for the year ending 31/12/2019 <p style="text-align: center;">Trial Balance as on 31/12/2019</p> <table border="1" data-bbox="279 1209 1236 1859"> <thead> <tr> <th>Particulars</th> <th>Rs</th> <th>Particulars</th> <th>Rs</th> </tr> </thead> <tbody> <tr> <td>Drawings</td> <td>4,000</td> <td>Capital</td> <td>20,000</td> </tr> <tr> <td>Cash at Bank</td> <td>1,700</td> <td>Sales</td> <td>16,000</td> </tr> <tr> <td>Cash in hand</td> <td>6,500</td> <td>Creditors</td> <td>4,500</td> </tr> <tr> <td>Wages</td> <td>1,000</td> <td></td> <td></td> </tr> <tr> <td>purchases</td> <td>2,000</td> <td></td> <td></td> </tr> <tr> <td>Stock (01/01/2019)</td> <td>6,000</td> <td></td> <td></td> </tr> <tr> <td>Building</td> <td>10,000</td> <td></td> <td></td> </tr> <tr> <td>Debtors</td> <td>4,400</td> <td></td> <td></td> </tr> <tr> <td>Bills receivable</td> <td>2,900</td> <td></td> <td></td> </tr> <tr> <td>Rent</td> <td>450</td> <td></td> <td></td> </tr> <tr> <td>Commission</td> <td>250</td> <td></td> <td></td> </tr> <tr> <td>General Expenses</td> <td>800</td> <td></td> <td></td> </tr> <tr> <td>Furniture</td> <td>500</td> <td></td> <td></td> </tr> <tr> <td></td> <td>40,500</td> <td></td> <td>40,500</td> </tr> </tbody> </table> <p>The following adjustments are to be made (a) Stock on 31/12/2019 was Rs.4,000 ; (b) Interest on capital at 6 % to be provided; (c) interest on Drawings at 5% to be provided; (d) Wages yet to be paid Rs.100; (e) Rent prepaid Rs.50</p> <p style="text-align: center;">OR</p>	Particulars	Rs	Particulars	Rs	Drawings	4,000	Capital	20,000	Cash at Bank	1,700	Sales	16,000	Cash in hand	6,500	Creditors	4,500	Wages	1,000			purchases	2,000			Stock (01/01/2019)	6,000			Building	10,000			Debtors	4,400			Bills receivable	2,900			Rent	450			Commission	250			General Expenses	800			Furniture	500				40,500		40,500	3	3
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	b. From the following trial balance prepare trading and profit & loss a/c					
	Trial Balance					
	Particulars	Rs	Particulars	Rs		
	Purchases	11,870	Capital	8,000		
	Debtors	7,580	Bad debts recovered	250		
	Return inwards	450	Creditors	1,250		
	Bank deposit	2,750	Return outwards	350		
	Rent	360	Bank overdraft	1,570		
	Salaries	850	Sales	14,690		
	Travelling expenses	300	Bills payable	1,350		
	Cash	210				
	Stock	2,450				
	Discount allowed	40				
	Drawings	600				
		27,460		27,460		
	Adjustments					
	(1) Closing stock Rs.4,200 (2) Write off Rs.80 As bad debt and create reserve for bad debt at 5 % on sundry debtors (3) Three months' rent outstanding					
13.	a. The following are the income statements of X,Y,Z Co Ltd, for the years 2018 and 2019. Prepare common-size income statement for the two years.				3	3
	Trading and Profit & Loss account					
	Particulars	2018	2019	Particulars	2018	2019
	To cost of sales	2,40,000	3,50,000	By Sales	4,00,000	5,00,000
	To Gross profit c/d	1,60,000	1,50,000			
		4,00,000	5,00,000		4,00,000	5,00,000
	To Operating Expenses			By Gross profit b/d	1,60,000	1,50,000
	Administration	25,000	30,000			
	Selling	15,000	20,000			
	Distribution	10,000	10,000			
	To Non-Operating Expenses	20,000	20,000	By Interest on Investment	20,000	50,000
	Finance	10,000				
	Goodwill written off	1,00,000	1,20,000			
	To Net Profit					
		1,80,000	2,00,000		1,80,000	2,00,000

OR						
b. From the following Balance sheet prepare fund flow statement.						
Liabilities	01/01/2016 (Rs)	31/12/2016 (Rs)	Assets	01/01/2016 (Rs)	31/12/2016 (Rs)	
Share Capital	3,00,000	4,00,000	Machinery	50,000	60,000	
Creditors	1,00,000	70,000	Furniture	10,000	15,000	
P&L a/c	15,000	30,000	Stock	85,000	1,05,000	
			Debtors	1,60,000	1,50,000	
			Cash	1,10,000	1,70,000	
	4,15,000	5,00,000		4,15,000	5,00,000	
14	(a) From the following Balance sheet Compute (i) Current ratio (ii) Liquid Ratio (iii) Debt-Equity ratio (iv) Proprietary Ratio				4	4
Balance Sheet						
	Rs			Rs		
Share Capital	5,00,000		Fixed assets	14,00,000		
Reserves	3,00,000		Stock	5,00,000		
6% Debentures	11,00,000		Debtors	2,00,000		
Bank Overdraft	1,00,000		Cash	1,00,000		
Creditors	2,00,000					
	22,00,000			22,00,000		
OR						
(b) M/s Rakesh & Co supplies you the following information for the year ending 31 st Dec, 2019. Credit Sales Rs.1,50,000; Cash Sales Rs.2,50,000; Returns inward Rs.25,000; Opening Stock Rs.25,000; Closing Stock Rs.35,000; Find out (a) Inventory turnover when gross profit ratio is 20%; (b) Inventory conversion period.						
15.	a. From the following Balance sheet as on 31 st December 2018 & 31 st December 2019, prepare a cash flow statement				4	4
Balance Sheet						
Liabilities	2018(Rs)	2019(Rs)		2018(Rs)	2019(Rs)	
Share Capital	1,50,000	1,00,000	Fixed Assets	1,50,000	1,00,000	
Profit & Loss a/c	80,000	50,000	Goodwill	40,000	50,000	
General reserve	40,000	30,000	Stock	80,000	30,000	
6% Debentures	60,000	50,000	Debtors	80,000	50,000	
Creditors	40,000	30,000	Bills Receivable	20,000	30,000	
Outstanding Expenses	15,000	10,000	Bank	15,000	10,000	
	3,85,000	2,70,000		3,85,000	2,70,000	

	OR b. From the following balances prepare the Balance sheet of a Company in the prescribed format. Goodwill Rs.1,50,000; Investment Rs.2,00,000;Share Capital Rs.5,00,000;Reserves Rs.1,10,000;Securities Premium Rs.15,000; Preliminary expenses Rs.10,000; Profit & Loss a/c (Cr) Rs.25,000; Debentures Rs.2,50,000;Other Fixed assets Rs.4,70,000;Stock Rs.80,000;Debtors Rs.60,000; Bank balances Rs.30,000;Unsecured Loan Rs.65,000; Sundry Creditors Rs.35,000.																																																																																									
Q. No.	SECTION D (2 x 15 =30 marks) Answer any two questions:	CO	KL																																																																																							
16.	<p>A Ltd was registered with an authorized capital of Rs.6,00,000 in equity shares of Rs.10 each. The following is its Trial Balance on 31st March 2018.</p> <p style="text-align: center;">Trial Balance of 'A' Ltd</p> <table border="1" data-bbox="279 734 981 1839"> <thead> <tr> <th></th> <th style="text-align: center;">Debit</th> <th style="text-align: center;">Credit</th> </tr> </thead> <tbody> <tr><td>Goodwill</td><td style="text-align: right;">25,000</td><td></td></tr> <tr><td>Cash</td><td style="text-align: right;">750</td><td></td></tr> <tr><td>Bank</td><td style="text-align: right;">39,900</td><td></td></tr> <tr><td>Purchases</td><td style="text-align: right;">1,85,000</td><td></td></tr> <tr><td>Preliminary Expenses</td><td style="text-align: right;">5,000</td><td></td></tr> <tr><td>Share Capital</td><td></td><td style="text-align: right;">4,00,000</td></tr> <tr><td>12% Debentures</td><td></td><td style="text-align: right;">3,00,000</td></tr> <tr><td>P&L a/c</td><td></td><td style="text-align: right;">26,250</td></tr> <tr><td>Calls –in-arrears</td><td style="text-align: right;">7,500</td><td></td></tr> <tr><td>Premises</td><td style="text-align: right;">3,00,000</td><td></td></tr> <tr><td>Plant & Machinery</td><td style="text-align: right;">3,30,000</td><td></td></tr> <tr><td>Interim Dividend</td><td style="text-align: right;">39,250</td><td></td></tr> <tr><td>Sales</td><td></td><td style="text-align: right;">4,15,000</td></tr> <tr><td>Stock(01/04/2017)</td><td style="text-align: right;">75,000</td><td></td></tr> <tr><td>Furniture & Fixtures</td><td style="text-align: right;">7,200</td><td></td></tr> <tr><td>Sundry Debtors</td><td style="text-align: right;">87,000</td><td></td></tr> <tr><td>Wages</td><td style="text-align: right;">84,865</td><td></td></tr> <tr><td>General Expenses</td><td style="text-align: right;">6,835</td><td></td></tr> <tr><td>Freight & Carriage</td><td style="text-align: right;">13,115</td><td></td></tr> <tr><td>Salaries</td><td style="text-align: right;">14,500</td><td></td></tr> <tr><td>Director’s fees</td><td style="text-align: right;">5,725</td><td></td></tr> <tr><td>Bad Debts</td><td style="text-align: right;">2,110</td><td></td></tr> <tr><td>Debenture interest paid</td><td style="text-align: right;">18,000</td><td></td></tr> <tr><td>Bills payable</td><td></td><td style="text-align: right;">37,000</td></tr> <tr><td>Sundry Creditors</td><td></td><td style="text-align: right;">40,000</td></tr> <tr><td>General Reserve</td><td></td><td style="text-align: right;">25,000</td></tr> <tr><td>Provision for bad debts</td><td></td><td style="text-align: right;">3,500</td></tr> <tr><td></td><td style="text-align: right;">12,46,750</td><td style="text-align: right;">12,46,750</td></tr> </tbody> </table> <p>Prepare Statement of Profit & Loss a/c and Balance sheet in proper form after making the following adjustments.</p> <p>(i) Depreciate plant & machinery by 15% (ii) Write off preliminary expenses (iii) Provide for 6 months interest on debentures (iv) Leave bad and doubtful debts provision at 5% on sundry debtors (v) Provide for income tax at 50% (vi) Stock on 31.03.2018 was Rs.95, 000.</p>		Debit	Credit	Goodwill	25,000		Cash	750		Bank	39,900		Purchases	1,85,000		Preliminary Expenses	5,000		Share Capital		4,00,000	12% Debentures		3,00,000	P&L a/c		26,250	Calls –in-arrears	7,500		Premises	3,00,000		Plant & Machinery	3,30,000		Interim Dividend	39,250		Sales		4,15,000	Stock(01/04/2017)	75,000		Furniture & Fixtures	7,200		Sundry Debtors	87,000		Wages	84,865		General Expenses	6,835		Freight & Carriage	13,115		Salaries	14,500		Director’s fees	5,725		Bad Debts	2,110		Debenture interest paid	18,000		Bills payable		37,000	Sundry Creditors		40,000	General Reserve		25,000	Provision for bad debts		3,500		12,46,750	12,46,750	5	5
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17.	<p>The following shows the balances in condensed form of Neeraj Ltd at the beginning as well at the end of the year 2017.</p> <table border="1"> <thead> <tr> <th>Liabilities</th> <th>1/1/2017</th> <th>31/12/2017</th> <th>Assets</th> <th>1/1/2017</th> <th>31/12/2017</th> </tr> </thead> <tbody> <tr> <td>Share capital</td> <td>1,15,000</td> <td>1,15,000</td> <td>Machinery</td> <td>24,000</td> <td>33,000</td> </tr> <tr> <td>Reserves for contingencies</td> <td>30,000</td> <td>30,000</td> <td>Land & Buildings</td> <td>77,000</td> <td>77,000</td> </tr> <tr> <td>P&L a/c</td> <td>8,000</td> <td>11,500</td> <td>Stock-in-trade</td> <td>41,000</td> <td>53,000</td> </tr> <tr> <td>Depreciation fund</td> <td>20,000</td> <td>22,000</td> <td>Investments</td> <td>50,000</td> <td>32,000</td> </tr> <tr> <td>8% Debentures</td> <td>45,000</td> <td>35,000</td> <td>Debtors</td> <td>38,500</td> <td>26,500</td> </tr> <tr> <td>Outstanding Expenses</td> <td>6,000</td> <td>6,500</td> <td>Cash & Bank Balances</td> <td>45,000</td> <td>45,000</td> </tr> <tr> <td>Creditors</td> <td>52,000</td> <td>47,500</td> <td>Prepaid Expenses</td> <td>500</td> <td>1,000</td> </tr> <tr> <td></td> <td>2,76,000</td> <td>2,67,500</td> <td></td> <td>2,67,500</td> <td>2,67,500</td> </tr> </tbody> </table> <p>The following information is also available (a) 10% dividend was paid in cash (b) New Machinery for Rs.15, 000 was purchased but old machinery costing Rs.6, 000 was sold for Rs.2, 000 on which accumulated depreciation was Rs.3, 000. (c) Rs.10, 000 8% debentures were redeemed by purchase from open market at Rs.96 for a debenture of Rs.100. (d) Investments were sold at book value. Prepare a Cash Flow Statement.</p>	Liabilities	1/1/2017	31/12/2017	Assets	1/1/2017	31/12/2017	Share capital	1,15,000	1,15,000	Machinery	24,000	33,000	Reserves for contingencies	30,000	30,000	Land & Buildings	77,000	77,000	P&L a/c	8,000	11,500	Stock-in-trade	41,000	53,000	Depreciation fund	20,000	22,000	Investments	50,000	32,000	8% Debentures	45,000	35,000	Debtors	38,500	26,500	Outstanding Expenses	6,000	6,500	Cash & Bank Balances	45,000	45,000	Creditors	52,000	47,500	Prepaid Expenses	500	1,000		2,76,000	2,67,500		2,67,500	2,67,500	5	5
Liabilities	1/1/2017	31/12/2017	Assets	1/1/2017	31/12/2017																																																				
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18.	<p>Prepare a Balance sheet with as many details as possible from the following information.</p> <p>Gross Profit Ratio 20% Debtors turnover 6 times Fixed assets to net worth 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</p>	5	5																																																						
