STELLA MARIS COLLEGE (AUTONOMOUS) CHENNAI – 86

(For candidates admitted from the academic year 2023 – 2024 and thereafter)

B.COM. DEGREE EXAMINATION, NOVEMBER 2024
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) Answer all questions	CO	KL
1	State any two purposes of financial statement analysis.	1	1
2	Define Accounting Standards.	1	1
3	In which side of the provision for tax account will Tax paid during the year $8000, appear?	1	1
4	Pass journal entry for Goods costing ₹8,000 destroyed by fire and insurance company admitted a claim for ₹5,000 only.	1	1
5	Write down the adjustment entries for the following: (a) Insurance premium amounting to ₹15,000 is paid in advance. (b) ₹ 9,000 received for rent related to the next accounting period.	1	1
Q. No.	**SECTION B (4 x 5 = 20) Answer any 4 questions**	**CO**	**KL**
6	Discuss the Accounting Standard - 5.	2	2
7	Halsey & Co. has a profit of $30,000 after interest and tax. The interest payables during the year amounted to $2,000 and the tax expenses were $1,500. The total assets amounted to $60,000 and the current liabilities were $3,600. Calculate the Return on Capital Employed.	2	2
8	Compute debtors turnover ratio from the following: Gross sales Rs. 1,42,000 Cash sales Rs. 28,000 Sales return Rs. 14,000 Opening debtors Rs. 15,000 Opening Bills Receivable Rs. 5,000 Closing debtors Rs. 26,000 Closing bills receivable Rs. 4,000	2	2
9	From the following figures you are required to prepare (a) Provision for doubtful debt account (b) Bad debts account (c) Profit and loss account Jan 1, 2020 Provision for bad debts Rs. 2,500 Dec 31, 2020 Bad debts Rs. 1,870 Debtors Rs. 20,000 Make Provision for bad debts at 5% on debtors.	2	2

<table>
<tr><td>10</td><td>Calculate the trend percentages from the following data taking 2015 as the base year:
<table>
<tr><th rowspan="2">Current Assets</th><th colspan="4">As on 31st December</th></tr>
<tr><th>2015</th><th>2016</th><th>2017</th><th>2018</th></tr>
<tr><td>Cash at Bank</td><td>20000</td><td>24000</td><td>26000</td><td>30000</td></tr>
<tr><td>Book debts</td><td>30000</td><td>36000</td><td>50000</td><td>60000</td></tr>
<tr><td>Stock</td><td>40000</td><td>60000</td><td>80000</td><td>100000</td></tr>
<tr><td>Bills Receivable</td><td>10000</td><td>15000</td><td>20000</td><td>30000</td></tr>
</table>
</td><td>2</td><td>2</td></tr>
<tr><td>11</td><td>From the following particulars, determine funds from operations:
<table>
<tr><th></th><th>Rs.</th></tr>
<tr><td>Net loss</td><td>10,000</td></tr>
<tr><td>Depreciation on machinery</td><td>15,000</td></tr>
<tr><td>Amortization of goodwill</td><td>10,000</td></tr>
<tr><td>Loss on sale of plant</td><td>5,000</td></tr>
<tr><td>Profit on sale of land</td><td>8,000</td></tr>
<tr><td>Provision for doubtful debts</td><td>1,000</td></tr>
</table>
</td><td>2</td><td>2</td></tr>
<tr><th>Q.
No.</th><th>SECTION C (4 x 10 =40)
Answer the following questions</th><th>CO</th><th>KL</th></tr>
<tr><td>12 a.</td><td>D Ltd. furnishes the following Balance sheets for the years 2015 and 2016.
Prepare the Common-size balance sheets.
Balance Sheets
<table>
<tr><th>Liabilities</th><th>2015
(Rs)</th><th>2016
(Rs)</th><th>Assets</th><th>2015
(Rs)</th><th>2016
(Rs)</th></tr>
<tr><td>Share capital</td><td>2,00,000</td><td>3,00,000</td><td>Buildings</td><td>4,00,000</td><td>4,00,000</td></tr>
<tr><td>Reserves & Surplus</td><td>6,00,000</td><td>7,00,000</td><td>Machinery</td><td>6,00,000</td><td>10,00,000</td></tr>
<tr><td>10% Debentures</td><td>2,00,000</td><td>3,00,000</td><td>Stock</td><td>2,00,000</td><td>3,00,000</td></tr>
<tr><td>Creditors</td><td>3,00,000</td><td>5,00,000</td><td>Debtors</td><td>2,00,000</td><td>2,50,000</td></tr>
<tr><td>Bills Payable</td><td>1,00,000</td><td>80,000</td><td>Cash at bank</td><td>1,00,000</td><td>50,000</td></tr>
<tr><td>Tax Payable</td><td>1,00,000</td><td>1,20,000</td><td></td><td></td><td></td></tr>
<tr><td></td><td>**15,00,000**</td><td>**20,00,000**</td><td></td><td>**15,00,000**</td><td>**20,00,000**</td></tr>
</table>
(OR)</td><td>3</td><td>3</td></tr>
<tr><td>12 b.</td><td>(i) A plant of the book value of Rs. 20,000 was disposed of for Rs. 7,600 in part exchange for a new machine costing Rs. 16,800. The net invoice of Rs. 9,200 was passed through the invoice book.
(ii) A company disposed of an old machine, originally purchased for Rs. 25,000, for Rs. 10,000 in part exchange for a new machine costing Rs. 30,000. The net amount payable after the trade-in was Rs. 20,000, which was recorded in the purchases account.

You are required to pass the necessary journal entries and explain the adjustments.</td><td>3</td><td>3</td></tr>
</table>

…3

13 a. Following are the summarized balance sheets of 'A' & Co. Ltd., as on 31st Dec. 2016 and 2017:

3 3

Liabilities	2016 Rs.	2017 Rs.	Assets	2016 Rs.	2017 Rs.
Share Capital	100000	120000	Land and buildings	100000	90000
General Reserve	50000	60000	Plant & Machinery	100000	119000
Profit & Loss a/c	30500	60000	Stock	50000	24000
Bank Loan	70000	-	Debtors	75000	63200
Creditors	50000	37200	Cash	500	1000
Provision for Taxation	32000	35000	Bank	2000	15000
			Goodwill	5000	-
	332500	312200		332500	312200

Additional Information:

(i) During the year ended 31st Dec. 2017, dividend of Rs. 23,000 was paid;
(ii) Depreciation written off on building Rs. 10,000, machinery Rs. 14,000.
(iii)Income tax paid during the year Rs. 28,000.

Prepare a statement of funds flow for the year ended on 31st Dec. 2017.

(OR)

13 b. From the following balance sheets, prepare a cash flow statement:

3 3

Liabilities	2016 Rs.	2017 Rs.	Assets	2016 Rs.	2017 Rs.
Share Capital	10000	10000	Goodwill	1200	1000
General Reserve	1400	1800	Land	4000	3000
Profit & Loss a/c	1600	1300	Building	3700	3600
Outstanding expenses	120	80	Investments	1000	1300
Creditors	800	540	Stock	3000	2340
Provision for Taxation	1600	1800	Accounts receivable	2000	2220
Provision for bad debts	40	60	Bank	660	1520
	15560	15580		15560	15580

Additional Information:

(i) A piece of land has been sold for Rs. 400
(ii) Depreciation amounting to Rs. 1700 has been charged on buildings
(iii) Provision for taxation has been made for Rs. 1500 during the year.

You are required to prepare the cash flow statement.

14 a.	Determine the maximum remuneration payable to the part time director and manager of B Ltd. (a manufacturing company) under section 309 and 387 of the Companies Act, from the following particulars: Before charging any such remuneration, the Profit & Loss Account showed a credit balance of Rs. 23,10,000 for the year ended 31st March 2017 after taking into account the following matters: Rs. (i) Capital expenditure 5,25,000 (ii) Subsidy received from Government 4,20,000 (iii) Special depreciation 70,000 (iv) Multiple shift allowance 1,05,000 (v) Bonus to foreign technicians 3,15,000 (vi) Provision for taxation 28,00,000 (vii) Compensation paid to injured workman 70,000 (viii) Ex-gratia to an employee 35,000 (ix) Loss on sale of fixed assets 70,000 (x) Profit on sale of investment 2,10,000 (xi) Company is providing depreciation as per sec 350. **(OR)**	4	4
14 b.	The following information relates to ABC Ltd. for the financial year ended 31st March 2024. You are required to pass the necessary adjusting journal entries to prepare the final accounts: (i) Insurance premium of Rs. 12,000 was paid on 1st January 2024 for a period of 6 months. (ii) The company has earned Rs. 8,000 as interest on investments by 31st March 2024, but it has not yet been received. (iii) Depreciation is to be provided on the company's machinery at 10% per annum. The machinery was purchased on 1st April 2021 for Rs. 1,00,000. (iv) The company has debtors worth Rs. 1,00,000, and it is estimated that 5% of them may be uncollectible. (v) It was discovered that Rs. 3,000 of debtors are irrecoverable and should be written off as bad debts.	4	4
15 a.	From the following information calculate: (a) Current Assets (b) Current liabilities (c) Liquid assets (d) Stock Current ratio = 2.8 Acid-test ratio = 1.5 Working capital = Rs 1,62,000 **(OR)**	4	4

…5

15 b. From the following financial statements of M/s. Western General Ltd. for the year ending 31st March 2013, you are required to calculate the following ratios: 4 4

(i) Gross profit ratio
(ii) Proprietary ratio
(iii) Debtors turnover ratio
(iv) Current ratio
(v) Stock turnover ratio

Trading and Profit & Loss a/c

Particulars	Rs.	Particulars	Rs.
To opening stock	43500	By Sales	225000
To purchases	183000	By Closing Stock	46500
To gross profit c/d	45000		
	271500		271500
To Sundry expenses	24000	By gross profit b/d	45000
To Net profit	21000		
	45000		45000

Balance Sheet

Liabilities	Rs.	Assets	Rs.
Equity Share capital	210000	Fixed assets	165000
General reserve	15000	Current assets	
Profit & Loss a/c	21000	Stock	46500
Bills payable	10500	Sundry Debtors	24000
Creditors	45000	Bank	66000
	301500		301500

Q. No.	SECTION D Answer any two questions (2 x 15 = 30)	CO	KL
16	A Ltd. Was registered with an authorised capital of Rs. 6,00,000 in equity shares of Rs. 10 each. The following is its Trial Balance on 31st March 2018.	5	5

Trial Balance of ‘A’ Ltd.

Particulars	Debit Balance Rs.	Credit Balance Rs.
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 (Cr.)	-	26,250
Calls-in-arrears	7,500	-

…6

Premises	3,00,000	-
Plant & Machinery	3,30,000	-
Interim Dividend	39,250	-
Sales	-	4,15,000
Stock (1-4-2017)	75,000	-
Furnitures & Fixtures	7,200	-
Sundry Debtors	87,000	-
Wages	84,865	-
General Expenses	6,835	-
Freight and 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
	1246750	1246750

Prepare Profit & Loss Account, Profit & Loss Appropriation A/c and Balance Sheet in proper form after making the following adjustments:

(i) Depreciate plant and machinery by 15%
(ii) Write off Rs. 500 from 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 31-3-2018 was Rs. 95,000

17. From the following balance sheets of Surya Ltd. Make out the statement of cash flow.

Balance sheets

Liabilities	2009	2010	Assets	2009	2010
Equity share capital	3,00,000	4,00,000	Good will	1,15,000	90,000
8% Redeemable pref. share capital	1,50,000	1,00,000	Land & Buildings	2,00,000	1,70,000
			Plant	80,000	2,00,000
General Reserve	40,000	70,000	Debtors	1,60,000	2,00,000
P&L a/c	30,000	48,000	Stock	77,000	1,09,000
Proposed dividend	42,000	50,000	Bills Receivable	20,000	30,000
Creditors	55,000	83,000	Cash in hand	15,000	10,000
Bills payable	20,000	16,000	Cash at bank	10,000	8,000
Provision for taxation	40,000	50,000			
Total	6,77,000	8,17,000	Total	6,77,000	8,17,000

Additional Information:

a) Depreciation of Rs.10,000 and Rs.20,000 have been changed on Plant account and land and buildings account respectively on 2010
b) An interim dividend of Rs.20,000 has been paid in 2010
c) Income tax Rs.35,000 was paid during the year 2010

18 From the following information calculate (a) Working capital (b) Net capital employed (c) Current Ratio (d) Acid test ratio (e)Debt-equity ratio (f) Fixed assets ratio 5 5

Usha Ltd., as on 31.12.2016

Liabilities	**2016 (Rs)**	**Assets**	**2016 (Rs)**
Equity share capital	25000	Fixed Assets	30000
Preference share capital	5000	**Current Assets**	
Reserves and surplus	4000	Stores	2000
Debentures	8000	Sundry Debtors	1000
Bank Loan	4000	Cash	500
Sundry Creditors	1000	Bank	2500
Proposed Dividend	1000	Preliminary expenses	8000
Provision for taxation	2000	Brokerage on shares	2000
		Stock	4000
	50000		50000

****