

B.C.A. DEGREE EXAMINATION APRIL 2008
SECOND SEMESTER

COURSE : ALLIED – CORE
PAPER : FINANCIAL ACCOUNTING & TOOLS FOR FINANCIAL STATEMENT ANALYSIS
TIME : 3 HOURS **MAX. MARKS : 100**

SECTION – A

ANSWER ALL QUESTIONS: (10 x 3 = 30)

1. State any three need for the preparation of Bank Reconciliation statement.
2. Write a short note on Business Entity concept.
3. Distinguish between Trial Balance and Balance Sheet.
4. What do you understand by working capital?
5. Give the pro-forma of a Funds Flow Statement.
6. Calculate Net-Profit ratio from the following Data Sales Rs.1,20,000, Gross Profit Rs.40,000, selling administration expenses Rs.20,000. Income from Investment Rs.5,000.
7. From the following compute the current Ratio :
 Bills Receivable Rs.40,000; prepaid expenses Rs.20,000 cash Rs.10,000; creditors Rs.20,000; Bills payable Rs.40,000. Inventories Rs.20,000.
8. Find out the Capital balance from the following information.
 The balance as on 31/12/2005 were as follows:-
 Cash in hand Rs.30,000; Cash at Bank Rs.25,000; Stock Rs.90,000, Furniture Rs.35,000; Buildings Rs.2,50,000 sundry creditors Rs.60,000 & bills payable Rs.5,000.
9. Calculate funds from operations from the following profit & loss A/C.

<u>Profit & Loss A/C</u>			
	Rs.		Rs.
To Salaries	10,000	By Gross Profit	1,00,000
To Rent	6,000	By Profit on sale of Equipment	
To Depreciation on plant	10,000	Book value 20,000	
To Stationary	6,000	Sold for <u>30,000</u>	10,000
To preliminary Exp. Written off	4,000		
To Goodwill written off	6,000		
To Provision for Tax	8,000		
To Proposed Dividend	12,000		
To Net profit	48,000		
	<u>1,10,000</u>		<u>1,10,000</u>

10. Give journal entries for the following transactions
 - 1) Raja a customer paid Rs.5,000
 - 2) Purchased goods on credit from Radha Rs.8,000.
 - 3) Sale of Machinery Rs.3,000.

SECTION – B

ANSWER ANY FIVE QUESTIONS:

(5 x 8 = 40)

11. Discuss the uses and limitations of Ratio Analysis.
12. From the following particulars prepare a Bank Reconciliation statement as on 31/12/2005.
- 1) A cheque of Rs.2,000 was deposited on 30th Dec but was not collected by 31/12/05.
 - 2) A cheque of Rs.1,500 was issued but was not cashed .
 - 3) The bank collected a bill of Rs.2,000 on 31/12/05 but the intimation was given to the company on 2/1/06.
 - 4) Bank charges Rs.25 were not recorded in the cash book
 - 5) Balance as per Cash Book was Rs.10,000 on 31/12/05.
13. From the following particulars of Mr.Arun prepare a Cash Book with Cash and Bank columns for the month of January 2005. On 1st January Mr.Arun commenced his business with Rs.1,60,000 and deposited Rs.20,000 into Bank on the same date.
- Jan 2 Bought goods for cash Rs.10,000
 4 Purchased goods for cash Rs.20,000
 7 Goods sold for cash Rs.6,000
 8 Goods sold for credit Rs.12,000
 10 Cash paid to the creditor Rs.12,000
 20 Cash received from a customer Rs.10,000
 25 Paid freight Rs.8,000
 26 Insurance paid Rs.4,800
 30 Salaries paid by cheque Rs.10,000
 31 Withdrew cash for personal use Rs.5,000
14. The following are the income statements of Jeeva Ltd for the year ending 31/12/06 & 07.

	31/12/06	31/12/07
	Rs.	Rs.
Net Sales	10,00,000	12,00,000
Cost of goods sold	5,50,000	6,05,000
 Operating Expenses		
Administration	80,000	1,00,000
Selling	60,000	80,000
 Non-operating Expenses		
Interest	40,000	50,000
Income Tax	50,000	80,000

Prepare a comparative income statement.

15. From the following balance sheet extracts, compute trend percentages. You may assume 1990 as base year.

Particulars	1990	1991	1992	1993	1994	1995
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Stock	1,50,000	1,70,000	1,90,000	2,30,000	2,20,000	2,00,000
Debtors	1,40,000	1,20,000	80,000	90,000	1,00,000	1,00,000
Cash	60,000	50,000	50,000	60,000	90,000	1,00,000
Creditors	3,00,000	3,20,000	3,00,000	2,80,000	2,40,000	2,00,000

16. Selvi Ltd earned profit of Rs.2,00,000 after charging the following items to its Profit and loss account during 31.3.2005.
- Profit on sale of investments Rs.4,000
 - Depreciation on fixed Assets Rs.7,000
 - Goodwill written off Rs.2,000

The following additional details are available

	1.4.2004	31.3.2005
	Rs.	Rs.
Bills Payable	5,000	8,000
Creditors	12,000	16,000
Outstanding Expenses	2,000	1,000
Bills Receivable	20,000	18,000
Debtors	42,000	63,000
Accrued Incomes	5,000	8,000

Calculate the cash from operating activities.

17. Profit & Loss Account of 'X' Ltd is given below

Profit & Loss A/C

	Rs.		Rs.
To opening stock	2,00,000	By Sales	16,00,000
To Purchases	12,00,000	By Closing stock	3,20,000
To Adm. Expenses	1,20,000	By Dividend	4,000
To Selling Expenses	80,000		
To Interest	40,000		
To Net profit	2,84,000		
	<u>19,24,000</u>		<u>19,24,000</u>

Calculate

- Gross Profit ratio
- Administrative expenses ratio
- Net profit ratio
- Operating expenses ratio
- Operating profit ratio

SECTION - C

ANSWER ANY TWO QUESTIONS:

(2 x 15 = 30)

18. Balance Sheet of Rama Ltd as at 31/12/03 is as follows.

Liabilities	Rs.	Asset	Rs.
Equity Capital	2,00,000	Fixed Assets	3,60,000
9% Preference Share Capital	1,00,000	Stock	50,000
8% Debentures	1,00,000	Debtors	1,10,000
Profit & loss A/C	40,000	Bills	6,000
		Receivable	
Creditors	90,000	Bank Balance	4,000
	<u>5,30,000</u>		<u>5,30,000</u>

You are required to compute the solvency Ratios.

19. Following are the Balance sheets of 'X' Ltd as on 31/12/05 & 06.

Liabilities	2005	2006	Assets	2005	2006
	Rs.	Rs.		Rs.	Rs.
Share Capital	1,00,000	1,50,000	Goodwill	12,000	10,000
General Reserve	14,000	18,000	Buildings	40,000	88,000
P & L A/C	16,000	13,000	Plant	37,000	36,000
Creditors	8,000	5,400	Bills Receivable	2,000	3,200
Bills payable	1,200	800	Debtors	18,000	19,000
Provision for Taxation	16,400	18,600	Cash at Bank	6,600	15,200
			Stock	40,000	34,400
	1,55,600	2,05,800		1,55,600	2,05,800

The following additional information has also been given:

- Depreciation charged on plant was Rs.4,000.
- Provision for Taxation of Rs.19,000 was made during the year 2006.
- Dividend of Rs.10,000 was paid during the year 2006.

You are required to prepare a Funds flow Statement.

20. From the following Balance sheets of Vinayaka Company. You are required to prepare a comparative balance sheet.

Balance Sheets as on 31/12/05 & 06.

Liabilities	(Rs. In lakhs)		Assets	(Rs. In lakhs)	
	2005	2006		2005	2006
	Rs.	Rs.		Rs.	Rs.
Equity Capital	400	410	Buildings	400	380
6% preference capital	300	250	Machinery	400	360
Reserves	200	205	Stock	200	260
8% Debentures	100	150	Debtors	200	300
Bills Payable	50	75	Cash	150	140
Sundry Creditors	300	350			
	<u>1,350</u>	<u>1,440</u>		<u>1,350</u>	<u>1,440</u>

21. The following balances are drawn from the books of M/S Arvind mills as on 31/12/07.

	Amount		Amount
	Rs.		Rs.
Land	1,00,000	Sales	3,00,000
Buildings	2,00,000	Purchase Returns	5,000
Sales Returns	10,000	Bank overdraft	15,000
Creditors	20,000	Debtors	50,000
Wages	12,000	Purchases	1,75,000
General Expenses	5,000	Stock (1.1.07)	25,000
Bad debts	1,000	Cash in hand	5,000
Capital	2,81,000	Salaries	10,000
Goodwill	15,000	Selling Expenses	12,000
Insurance	1,000		

Adjustments: a) Closing Stock is Rs.30,000 b) Provide for Depreciation at 10% on Buildings. c) Salaries outstanding Rs.3,000

Prepare the Final Accounts of M/S Arvind Mills.

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