

STELLA MARIS COLLEGE (AUTONOMOUS) CHENNAI – 600 086.
(For candidates admitted during the academic year 2008-2009)

SUBJECT CODE : **CM/AC/FS14**

B.C.A. DEGREE EXAMINATION NOVEMBER 2008
COMMERCE
FIRST SEMESTER

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

SECTION – A

TO BE ANSWERED IN THE QUESTION PAPER ITSELF

ANSWER ALL QUESTIONS (30 x 1 = 30)

I FILL IN THE BLANKS:

1. Cost is defined as _____.
2. _____ cost is one which can be charged to a particular unit of a product.
3. Liquid ratio is also known as _____ ratio.
4. Debt-equity ratio is the relationship between outsiders' fund and _____.
5. Comparative statements are the form of _____ analysis.
6. _____ method of analysis determines the direction, upward or downward movement of an item in the financial statement.
7. The concept that proposes, that cost incurred should be matched with the revenue generated during the period is _____.
8. The basic rule for accounting the real accounts is _____.
9. _____ of trial balance generally ensures the arithmetical accuracy of the process of ledger posting.
10. The purpose of _____ is to disclose the financial status of the organization.

II INDICATE IF THE STATEMENT IS TRUE OR FALSE:

11. The property of the business are collectively referred to as capital.

12. Debit note is an intimation for sales return.
13. Journal is the book of original entry.
14. Trade discount is the discount received on purchases.
15. Administration overheads are fixed cost.
16. Works cost is cost of production.
17. Inventory is a liquid asset.
18. Gross profit ratio measures overall profitability of a concern.
19. Return on investments ratio measures profitability of a business.
20. Paid up share capital is the capital called up to be paid by the shareholder.

III CHOOSE THE CORRECT ANSWER:

21. Accounting convention indicate

a) customs and traditions	b) rules and regulations
c) policies and procedures	d) concepts and principles
22. Posting refers to the process of

a) totaling	b) tallying	c) transferring	d) recording
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23. Nominal account consists of

a) accounts of suppliers	b) accounts of customers
c) building account	d) expenses account
24. Purchases day book records

a) cash receipts	b) credit sales
c) cash purchases	d) credit purchases
25. Cost sheet is a statement of

a) cost and profit	b) revenue and expenses
c) assets and liabilities	d) profit and loss
26. Prime cost is
 - a) direct cost of production
 - b) overheads
 - c) factory cost
 - d) administrative and factory overhead
27. Earnings per share measures

a) liquidity	b) short term solvency
c) profitability	d) activity

28. Current assets – current liabilities is
a) liquidity assets b) working capital c) paid up capital d) net capital
29. When the sales is Rs.60,000 and gross profit ratio is 20%, the sales is
a) Rs.2,40,000 b) Rs.2,00,000 c) 3,00,000 d) 1,20,000
30. When the Current ratio is 2.5 and current liabilities is Rs.3,00,000, current assets will be
a) Rs.5,00,000 b) Rs.3,00,000 c) 2,00,000 d) 2,50,000

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PAPER : **FINANCIAL STATEMENT & ANALYSIS**
TIME : **2 ½ HOURS** **MAX. MARKS : 70**

SECTION – B

ANSWER ANY FIVE QUESTIONS (5 x 8 = 40)

1. From the following information, prepare a cash book for the 3 months ending 31.3.2007:
 - a) 1.1.2007 – Introduced capital Rs.2,50,000, deposited Rs.1,00,000 into the bank
 - b) 5.1.2007 – Purchased goods for cash Rs.1,00,000
 - c) 8.1.2007 – Sold goods for cash Rs.2,00,000
 - d) 31.1.2007 – Gave a cheque for Rs.4,900 in settlement of a claim for Rs.5,000.
 - e) 5.2.2007 – Withdrew from bank Rs.50,000 and paid salaries Rs.30,000.
 - f) 10.2.2007 – Purchased furniture for Rs.20,000
 - g) 20.2.2007 – Collection from debtors Rs.9,800 in settlement of the amount due Rs.10,000, deposited the same in the bank
 - h) 31.3.2007 – Issued cheque for Rent – Rs.15,000.

2. From the following balance and information, prepare Trading and Profit and Loss account of Mr.Santhosh for the year ending March 31, 2008:

Trial Balance as on 31.3.2008

	Dr. Rs.	Cr. Rs.
Capital account		10,720
Plant and machinery	3,600	
Depreciation on plant and machinery	400	
Repairs to plant	520	
Wages	5,400	
Salaries	2,100	
Cash	500	
Land and buildings	14,900	
Depreciation on building	500	
Purchases	25,000	
Purchases returns		300
Sales		49,800
Stationery	300	
Discount received		400
Bills receivable	3,000	
Provision for bad debts		1,000
Bills payable		1,600

Bad debts	200	
Debtors	7,000	
Creditors		7,000
Opening stock	7,400	
	<u>70,820</u>	<u>70,820</u>

Additional information

- a) Stock as on 31.3.2008 – Rs.6,000
 - b) Write off further Rs.600 for bad debt and maintain a provision for bad debts at 5% on debtors.
 - c) Salaries outstanding Rs.500.
3. Prepare a common-size income statement from the following information:
- | | |
|-----------------------------------|----------|
| | Rs. |
| Sales | 7,25,000 |
| Sales return | 25,000 |
| Cost of sales | 5,95,000 |
| Selling and distribution expenses | 23,000 |
| Administration expenses | 12,700 |
| Operating income | 69,300 |
| Other incomes | 1,200 |
| Non-operating expenses | 1,750. |
4. Rakesh Ltd. supplies you the following information for the year ending 31.12.2007.
- | | |
|----------------|----------|
| | Rs. |
| Credit sales | 1,50,000 |
| Cash sales | 2,50,000 |
| Returns inward | 25,000 |
| Opening stock | 25,000 |
| Closing stock | 35,000 |
- Gross profit – 20% on sales
Calculate inventory turnover ratio and inventory conversion period.
5. From the following information, prepare a statement of cost and profit for the year ending 31.3.2008 :
- | | |
|-----------|-----------|
| Materials | Rs.27,300 |
| Labour | 15,600 |
- Work overhead 80% on labour.
Office overhead 15% on works cost.
Sales Rs. 78,000.
6. Journalise the following transaction in the books of Mr.Sam
- a) Commenced business with cash Rs.10,000, Buildings Rs.30,000 and furniture Rs.15,000.
 - b) He borrowed Rs.25,000 from his wife and the same was deposited by him in bank.
 - c) Purchased goods worth Rs.10,000 from Richie on credit at 2% cash discount.

- d) Sold goods to Ms.Becky worth Rs.15,000 for cash after allowing 5% trade discount.
- e) Paid salaries Rs.12,000.
- f) Salary paid to his domestic servant Rs.1,000.
- g) Depreciation on machinery Rs.3,000.
- h) Paid telephone rent Rs.2,000.
7. Post the following in the appropriate subsidiary books.
- i) 1.1.2007 – Purchased goods from John Rs.50,000, invoice no. 121
- j) 10.1.2007 – Sold goods to Janet Rs.1,00,000, invoice no.521
- k) 11.1.2007 – Goods worth Rs.20,000 purchased from Jason, invoice no.122.
- l) 13.1.2007 – Returned goods purchased from John through debit note no.21, Rs.2,000.
- m) 15.1.2007 – Sold goods to Julie Rs.34,000, invoice no.522.
- n) 16.1.2007 – Credit note no.101, issued to Janet – Rs.5,000.
- o) 20.1.2007 – Sold goods to Jack – Rs.25,000.
- p) 30.1.2007 – Purchased goods from Jerome – Rs.45,000.

SECTION – C

ANSWER ANY TWO QUESTIONS

(2 x 15 = 30)

8. From the following information of Austin Pvt. Ltd. as on 31.3.2008, prepare the Balance Sheet, as per Companies Act.:

	Dr. Rs.	Cr. Rs.
Equity share capital Rs.10 each fully paid		10,00,000
Calls in arrears	1,000	
Land	2,00,000	
Buildings	3,50,000	
Plant and machinery	5,25,000	
Furniture	50,000	
General reserve		2,10,000
Loan from state financial corporation		1,50,000
Stock:		
Finished goods	2,00,000	
Raw materials	50,000	
Provision for taxation		68,000
Sundry debtors	2,00,000	
Advances	72,700	
Proposed dividend		60,000
Profit and loss account		1,00,000
Cash in hand	2,47,000	
Cash at bank	13,300	
Loans – unsecured		1,21,000
Sundry creditors		2,00,000
	19,09,000	19,09,000

Additional information:

- a) The authorized share capital of the company 2,00,000 shares of which 1,50,000 shares are issued to the public.
- b) Bills receivable for Rs.2,75,000 have been discounted.

9. From the following Balance sheet of Stephen Pvt. Ltd for the year ended 31.12.2006 and 2007, you are required to prepare a comparative balance sheet

<u>Liabilities :</u>	2006 Rs.	2007 Rs.
	(Rs. In Lakhs)	
Bills payable	50	75
Sundry creditors	150	200
Tax payable	100	150
6% Debenture	100	150
6% Preference capital	300	300
Equity capital	400	400
Reserves	200	245
<u>Assets:</u>		
Cash	100	140
Debtors	200	300
Stock	200	300
Land	100	100
Building	300	270
Plant	300	270
Furniture	100	140

10. From the following particulars, prepare the Balance sheet of Lawrence Ltd. for the year ended 31.3.2007:

Working capital	-	Rs.75,000
Current Ratio	-	1.6
Liquid ratio	-	1.35
Stock turnover ratio	-	9 times
Debtors turnover ratio	-	73 days
Asset proprietorship ratio (7 Asset / prop. Fund)	-	75%
Gross profit ratio (on sales)	-	25%
N profit & share capital ratio	-	15%
Share capital	-	2,00,000

You are required to prepare Trading & Profit & loss a/c of Balance sheet.

11. Prepare a statement of cost and profit from the following information, obtained from the records of a manufacturing concern:

	1.1.2007 Rs.	21.12.2007 Rs.
Stock of raw materials	30,000	35,000
Work-in progress	15,000	20,000
Finished goods	43,700	54,000
Indirect wages	9,720	
Sales	3,25,000	
Factory rent and rates	7,830	
Office salaries	15,030	

General expenses	13,500
Office rent	2,000
Rent of show room	1,200
Purchase of raw materials	1,20,000
Productive wages	90,000
Plant repair	3,420
Depreciation on plant	8,360
Factory lighting	7,380
Salesmen's salaries	7,650.

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