

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

SUBJECT CODE : CM/AC/FS14

B.C.A. DEGREE EXAMINATION NOVEMBER 2009
COMMERCE
FIRST SEMESTER

REG.No. _____

COURSE : **ALLIED – CORE**
PAPER : **FINANCIAL STATEMENT & ANALYSIS**
TIME : **30 MINUTES** **MAX. MARKS : 30**

SECTION – A
[TO BE ANSWERED IN THE QUESTION PAPER ITSELF]

ANSWER ALL QUESTIONS: **(30 x 1 = 30)**

I CHOOSE THE CORRECT ANSWER:

1. Financial statements are prepared from the point of view of -
a) shareholders b) management c) creditors d) investors
2. Comparative balance sheet is useful for studying -
a) the trends b) financial position c) liquidity d) profitability
3. Debt-equity ratio is a -
a) short term solvency ratio b) operating ratio
c) activity ratio d) long term solvency ratio
4. Incremental cost is a type of -
a) differential cost b) out-of –post cost c) conversion cost d) controlling cost
5. The term Fixed Assets include –
a) Stock-in-trade b) Furniture c) Payments in advance d) Good will
6. In case of a limited company, the term financial statements include –
a) Profit & Loss a/c and Balance Sheet.
b) Profit & Loss a/c, Profit & Loss Appropriation a/c and Balance Sheet
c) Balance Sheet
d) Profit & Loss a/c.

III STATE WHETHER TRUE OR FALSE:

21. Fixed cost per unit remains fixed.
22. Assets and liabilities in a Balance Sheet may be arranged either according to liquidity order or permanency order.
23. The statistical yardstick that provides a measure of the relationship between two accounting figures is the accounting ratio.
24. Rent of a factory building is a variable cost.
25. When a transaction is recorded in contravention of accounting principles, it is called as Error of Principle.
26. Sunk costs are relevant for decision making.
27. Factory cost and factory expenses are not the same.
28. Cost unit in a college may be a student.
29. Ratio analysis is a technique of planning and control.
30. Conservatism is the defensive accounting mechanism against 'uncertainty'.

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COURSE : **ALLIED – CORE**
PAPER : **FINANCIAL STATEMENT & ANALYSIS**
TIME : **2 1/2 HOURS** **MAX. MARKS : 70**

SECTION – B

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

1. Prepare a Common size Income Statement for the year ending 31.12.2005, from the following information:

Trading and Profit and Loss account			
	Rs.		Rs.
To Cost of sales	11,50,000	By Sales	15,00,000
Gross profit	<u>3,50,000</u>		
	<u>15,00,000</u>		<u>15,00,000</u>
To Operating expenses:		By Gross profit	3,50,000
Administration	1,60,000	By Interest on investments	50,000
Selling	20,000		
Distribution	20,000		
To Non operating expenses:			
Finance	1,20,000		
To Net profit	<u>80,000</u>		
	<u>4,00,000</u>		<u>4,00,000</u>

2. Following is the balance sheet of Reema Ltd. as on 31st March 2007:

LIABILITIES	Rs.	ASSETS	Rs.
Equity share capital	10,00,000	Goodwill	5,00,000
6% preference share capital	5,00,000	Plant & machinery	6,00,000
General reserve	1,00,000	Land and buildings	7,00,000
Profit and loss a/c	4,00,000	Furniture and fixtures	1,00,000
Provision for tax	1,76,000	Stock	6,00,000
Bills payable	1,24,000	Bills receivable	30,000
Bank overdraft	20,000	Debtors	1,50,000
Creditors	80,000	Bank	2,00,000
12% debentures	<u>5,00,000</u>	Investments	20,000
	<u>29,00,000</u>		<u>29,00,000</u>

You are required to calculate:

- a) Current ratio b) Quick ratio c) Absolute liquidity ratio
d) Debt equity ratio.

3. Journalize the following transactions:

- (a) Mr. Water started business with cash Rs.50,000.
(b) Withdrew for personal use Rs.1,000.
(c) Purchased goods from Mr. Moon for Rs.25,000.
(d) Paid salary to Mr. Estate Rs.12,000.
(e) Purchase goods for cash Rs.6,000 for Mr. Sun.
(f) Sold goods to Mr. Sea Rs.15,000.
(g) Withdrew goods for personal use Rs.500
(h) Paid Mr. Air Rs.7,800, discount allowed by him Rs.200

4. Following are the extracts from the Trial Balance of a firm as on 31st March 2005:

	Debit	Credit
Sundry Debtors	2,05,000	
Provision for doubtful debts		10,000
Provision for discount on debtors		1,800
Bad Debts	3,000	
Discount	1,000	

Additional information:

- (i) Additional bad debts Rs.4,000
(ii) Additional discount Rs.1,000
(iii) Maintain a provision for doubtful debts @ 10% on debtors.
(iv) Maintain a provision for discount @ 2% on debtors.

Pass the necessary journal entries and show how Debtors will appear in the balance sheet.

5. From the following information, prepare a cost sheet for the month of January:

	Rs.
Stock of raw materials on 1 st January	25,000
Stock of raw materials on 31 st January	26,200
Purchase of raw materials	21,900
Carriage on purchases	1,100
Sale of finished goods	72,300
Direct wages	17,200
Non-productive wages	800
Direct expenses	1,200
Factory overheads	8,300
Administrative overheads	3,200
Selling overheads	4,200

6. From the following Profit & Loss account of X Ltd., calculate the profitability ratios.

	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 administrative expenses	1,20,000	By dividend	4,000
To selling expenses	80,000		
To financial expenses	40,000		
To loss on sale of assets	5,000		
To net profit	2,79,000		
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	19,24,000		19,24,000
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7. Record the following transactions for the month of January 2009 in the purchases book of M/S. Rob Electronics:

- Jan. 4 Purchased from M/s. Brown Electronics:
 20 B & W T.V's @ Rs.5,200 per piece.
 10 Colour T.V's @ Rs.12,000 per piece
 Trade discount on all items @ 12%.
- Jan 10 Purchased from M/s Yellow Electronics:
 12 Video tapes @ Rs.600 per piece.
 8 Philips tape recorders @ Rs.2,500 per piece
- Jan 19 Purchased from M/s Red Electronics:
 10 LG Stereos @ Rs.3,500 per piece
 8 LG Colour T.V's @ Rs.25,000 per piece
 Trade discount @ 15%
- Jan 24 Purchased from M/s Green Electronics:
 200 Audio Cassettes @ Rs.25 per piece
 30 Equity toasters @ Rs.500 per piece.

SECTION – C

ANSWER ANY TWO QUESTIONS:

(2 x 15 = 30)

8. From the following particulars, prepare a cost sheet showing the different elements of cost:

	Rs.		Rs.
Stock of materials (1 st Jan.)	34,300	Motive power	4,600
Stock of materials (31 st Dec.)	29,400	Haulage	3,500
Purchase of materials	65,100	Director's fees (works)	1,500
Productive wages	45,000	Director's fees (office)	3,000
Direct expenses	4,000	Factory cleaning	700
Unproductive wages	12,300	Sundry office expenses	250
Factory rent & taxes	8,400	Estimating expenses	750

Factory lighting	2,800	Factory stationery	400
Factory insurance	1,500	Office stationery	1,000
Office insurance	700	Loose tools (written off)	500
Legal expenses	400	Rent & Taxes (office)	800
Rent of warehouse	500	Water supply	1,200
Depreciation on Plant	2,800	Depreciation—office building	1,500
Factory heating	1,800	Depreciation-delivery vans	400
Bad debts	200	Upkeep of delivery vans	600
Advertisement	300	Bank charges	80
Sales department salaries	1,800	Commission on sales	1,920

9. Sam & Co. Ltd. furnishes its balance sheet for the years 2001 and 2002 and requests you to prepare a comparative balance sheet in the format for the two years.

	<u>2001</u>	<u>2002</u>		<u>2001</u>	<u>2002</u>
	Rs.	Rs.		Rs.	Rs.
Equity share capital	80,000	80,000	Land & Buildings	80,000	74,000
8% Debentures	80,000	90,000	Plant & machinery	60,000	54,000
Retained Earnings	40,000	49,000	Furniture	20,000	28,000
Sundry Creditors	50,000	70,000	Inventory	40,000	60,000
Bills payable	10,000	15,000	Debtors	40,000	80,000
			Cash	20,000	8,000
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	2,60,000	3,04,000		2,60,000	3,04,000
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10. Moon & Star Co. Ltd is a company with a capital of Rs.2,50,000 divided into 2,500 equity shares of Rs.100 each on 31.12.2005. The following are the balances extracted from the ledger as on that date.

Trial balance as on 31.12.2005			
Debit	Rs.	Credit	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 (upto 31.03.2006)	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	2,400		
Advertisements	3,800		
Bonus	10,500		
Debtors	38,700		
Plant	1,80,500		
Furniture	17,100		
Bank	39,700		
Bad Debts	3,200		
			..5..

Prepare Profit & Loss a/c for the year ended 31.12.2005 and a balance sheet as on that date.

The following further information is available:-

- (a) Closing stock is valued at Rs.1,91,500
- (b) Depreciation on plant @ 15% and on furniture @ 10% should be provided.
- (c) Outstanding expenses –
Salaries Rs.500; Rent Rs.250; Wages Rs.2,000.

11. M/s Sona Bros. started their business on 1st April 2007 with Rs.50,000 as their capital. Following were the transactions for one month:

		Rs.
April 1	Paid into bank	20,000
” 2	Purchased furniture from Modern Furniture Ltd.	3,000
” 5	Purchased goods from Mohan	8,800
” 6	Sold goods on credit to Sivakumar	3,500
” 8	Paid to Modern Furniture Ltd. cash	2,000
” 15	Paid wages in cash	200
” 16	Issued cheque to Mohan	7,000
” 20	Received from Sivakumar	1,500
” 21	Paid into bank	1,500
” 23	Cash sales	3,500
” 25	Cash purchases	1,800
” 27	Goods withdrawn for personal use	500
” 28	Cash withdrawn for personal use	750
” 29	Paid for stationery	100
” 30	Paid salaries by cheque	1,000

Give journal entries and prepare ledger accounts and trial balance as on 31.04.2007
