

C.E.S. COLLEGE OF ARTS AND COMMERCE CUNCOLIM – SALCETE-GOA
SY. B. COM. IV SEMISTER END EXAMINATION, APRIL, 2018
FINANCIAL ACCOUNTING- IV

DURATION: 02 HOURS

TIME: 10.00am To 12.00noon

DATE: 23 /04 /2018

MARKS: 80

INSTRUCTIONS: 1) Q. No. 1 is **COMPULSORY**.

2) Attempt any **THREE** questions from Q. No.02 to Q. No.6.

3) All questions carry equal marks i.e. **20 marks**.

4) **Working notes** forms the part of answers.

5) Numbers to the right indicate the marks for the respective Question.

Q. No. 1 Basavaraj Printers Ltd., ask you to prepare Profit and loss Appropriation Account for the year ended 31-03 -2018 and Balance Sheet as on that date in prescribed revise schedule form.

| | | |
|--|------------------|------------------|
| Equity share Capital (Rs. 75 paid) | --- | 7,50,000 |
| Share Premium | --- | 1,00,000 |
| Land and Building | 5,00,000 | --- |
| Plant and Machinery | 8,00,000 | --- |
| Depreciation: | | |
| Land and Building | --- | 1,00,000 |
| Plant and Machinery | --- | 1,20,000 |
| General Reserve | --- | 1,40,000 |
| 6% Debentures | --- | 50,000 |
| Investment (Equity share in limited Companies at cost) | 1,00,000 | --- |
| Stock as on 31-03- 2017 | 70,000 | --- |
| Bank balance | 23,000 | --- |
| Cash Balance | 800 | --- |
| Profit and Loss A/c (balance as on 01-04-2017) | --- | 25,000 |
| Creditors | --- | 60,000 |
| Income tax deducted 'at source | 1,200 | --- |
| Establishment Expenses | 52,000 | --- |
| Rent and Taxes | 2,400 | --- |
| Debenture interest | 1,500 | --- |
| Audit fees | 3,000 | --- |
| Sundry expenses | 8,700 | --- |
| Directors fees | 6,000 | --- |
| Dividend (Gross) | --- | 11,200 |
| Gross Profit | --- | 2,12,400 |
| TOTAL | 15,68,600 | 15,68,600 |

You are required to make the following adjustments:

1. Authorized capital of the company is Rs. 10 lakhs divided in to 10,000 equity share of Rs. 100 each.
2. Depreciation is to be provided on, written down value of land and building at 5% and plant and machinery at 15%.
3. Market value of investment as on the date of Balance Sheet is Rs. 85,000.
4. Provision for taxation is to be made at 50% of net profit.
5. Directors proposed to transfer Rs. 10,000 to general reserve.

(20 Marks)

Q. No.02. (A) You are furnished with the following information of ABC. Ltd. as on 31st March, 2016 and 2017:

| Liabilities | As at 31-3-16 Rs. | As at 31-3-17 Rs. | Assets | As at 31-3-16 Rs. | As at 31-3-17 Rs. |
|------------------------|----------------------|----------------------|----------------|----------------------|----------------------|
| Equity Share Capital | 1,00,000 | 4,00,000 | Fixed Assets | 5,00,000 | 11,00,000 |
| Capital Reserve | 100,000 | --- | 20% Investment | 1,00,000 | --- |
| General Reserve | 400,000 | 400,000 | Stock | 3,00,000 | 2,00,000 |
| 10% debenture | 1,00,000 | 300,000 | Sundry Debtors | 2,00,000 | 3,00,000 |
| Provision for Taxation | 200,000 | 500,000 | Bank | 1,00,000 | 10,00,000 |
| Sundry Creditors | 1,00,000 | 4,00,000 | | | |
| Bills Payables | 1,00,000 | 3,00,000 | | | |

| | | | | | |
|----------------------------|------------------|------------------|--------------|------------------|------------------|
| Provision for Depreciation | 1,00,000 | 3,00,000 | | | |
| | | | | | |
| TOTAL | 12,00,000 | 26,00,000 | TOTAL | 12,00,000 | 26,00,000 |

- Company has sold off all fixed assets for Rs. 8,00,000 in the beginning of the year and credited profit to capital reserve.
- The company have given fully paid up bonus shares of its shareholders from Capital reserve Account.
- The company has sold off its investment during the year for Rs. 1,50,000.
- Company has provided Rs. 5,00,000 for Income tax for year 2016-17.
- For the year 2016-17, the company has paid Rs. 1,00,000 on an account of interim dividend.

You are required to prepare:

- A statement showing changes in working capital.
- A statement of sources and application of funds for the year ended 31st December, 2017.

(16 Marks)

Q. No.02. (B) From the following calculate gross profit ratio.

| | | | |
|------------------|----------|--------------------------|----------|
| Gross Profit | 8,00,000 | Carriages Inwards | 70,000 |
| Sales Returns | 3,00,000 | Opening Stock | 100,000 |
| Purchase Returns | 4,00,000 | Closing Stock | 3,50,000 |
| Purchase | 6,00,000 | Other purchases Expenses | 90,000 |

(04 Marks)

Q. No.03. Following are the financial statements of a trading company for the year ended 31st March, 2017.

| Profit and loss A/C For the year ended 31 st March, 2017 | | | |
|--|-----------------|---------------------------|-----------------|
| Particulars | Amount in Rs. | Particulars | Amount in Rs. |
| To opening stock | 60,000 | By Sales (Net) | 8,00,000 |
| To Purchases | 6,20,000 | By Closing stock | 75,000 |
| To Freight and Insurance | 13,000 | By Dividend on Investment | 2,000 |
| To Carriage Inward | 7,000 | By sale of scrap | 4,300 |
| To Administrative Expenses | 72,000 | | |
| To selling Expenses | 38,500 | | |
| To Financial Expenses | 4,500 | | |
| To Claim for Damages for breach of Trademark | 3,800 | | |
| To Net Profit | 62,500 | | |
| TOTAL | 8,81,300 | TOTAL | 8,81,300 |

| Balance sheet As on 31 st March, 2017 | | | |
|---|-----------------|-------------------------|-----------------|
| LIABILITIES | Amount in Rs. | ASSETS | Amount in Rs. |
| 6% Preference shares | 2,50,000 | Fixed assets | 6,00,000 |
| Equity shares | 3,00,000 | Investments: | |
| Capital Reserves | 27,500 | -Marketable | 55,000 |
| General reserves | 78,000 | -Non-marketable | 1,14,000 |
| Profit and Loss A/C | 14,750 | Stock | 40,500 |
| 8% Debentures | 1,75,000 | Sundry Debtors | 1,05,100 |
| Bank Overdraft | 80,000 | Advance | 700 |
| Creditors | 47,000 | Cash and Bank | 52,200 |
| Outstanding Expenses | 6,250 | Underwriting commission | 11,000 |
| TOTAL | 9,78,500 | TOTAL | 9,78,500 |

Present the above statements in the vertical form and work out the following:

- a) Current Ratio; b) Quick ratio; c) Proprietary ratio; d) Capital Gearing Ratio; e) Gross Profit ratio;
f) Operating Ratio; Return on proprietor's funds ratio. (20 Marks)

Q.No.04. From the following Trading and Profit and Loss a/c and Balance Sheet of 'BUSY Ltd.' For the year ended 31st March, 2017 and 31st March, 2018, you are required to prepare comparative statement and give your INTERPRATATION.

| Particulars | 31-03-17 | 31-03-18 | Particulars | 31-03-17 | 31-03-18 |
|----------------------|-----------------|------------------|---------------------|-----------------|------------------|
| To Opining Stock | 80,000 | 1,20,000 | By Sales | 6,00,000 | 10,00,000 |
| To Purchases | 3,00,000 | 8,00,000 | By Closing Stock | 1,20,000 | 3,00,000 |
| To Wages | 1,00,000 | 1,60,000 | | | |
| To Factory Exp. | 80,000 | 1,00,000 | | | |
| To Gross Profit | 1,60,000 | 1,20,000 | | | |
| TOTAL | 7,20,000 | 13,00,000 | TOTAL | 7,20,000 | 13,00,000 |
| To Salaries | 10,000 | 12,000 | By Gross Profit b/d | 1,60,000 | 1,20,000 |
| To Rent and Taxes | 8,000 | 10,000 | By Interest | 500 | 500 |
| To Carriage outward | 12,000 | 10,000 | | | |
| To Delivery Exp. | 6,000 | 3,000 | | | |
| To Advertisement | 15,000 | 10,000 | | | |
| To Interest | 8,000 | 4,000 | | | |
| To Bad Debts | 1,000 | --- | | | |
| To Depreciation | 13,000 | 13,000 | | | |
| To provision for tax | 30,000 | 24,000 | | | |
| To Net Profit | 57,500 | 34,500 | | | |
| TOTAL | 1,60,500 | 1,20,500 | TOTAL | 1,60,500 | 1,20,500 |

Balance Sheet

As on 31st March, 2017 and 2018

| Liabilities | 31-03-17 | 31-03-18 | Assets | 31-03-17 | 31-03-18 |
|----------------------|-----------------|------------------|--------------------|-----------------|------------------|
| Equity Share Capital | 6,00,000 | 6,00,000 | Fixed Assets | 5,00,000 | 8,00,000 |
| | | | Less: Depreciation | 67,000 | 80,000 |
| Pref. Share Capital | --- | 4,00,000 | | 4,33,000 | 7,20,000 |
| General Reserve | 1,37,500 | 1,72,000 | Investments | 50,000 | 80,000 |
| 8%Debentures | 1,00,000 | 50,000 | Current Assets: | | |
| Bank Loan | --- | 2,00,000 | Stock | 1,20,000 | 3,00,000 |
| Creditors | 32,500 | 50,000 | Debtors | 2,00,000 | 2,39,000 |
| Tax Provision | 30,000 | 24,000 | Bank | 80,000 | 1,47,000 |
| | | | Cash | 17,000 | 10,000 |
| TOTAL | 9,00,000 | 14,96,000 | TOTAL | 9,00,000 | 14,96,000 |

(20 Marks)

Q.No.05 (A). Following is the following Balance Sheet of Bombay Ltd.as on 31st March, 2018:

| Balance Sheet | | | |
|------------------------------------|-----------------|-----------------------------|-----------------|
| As on 31 st March, 2018 | | | |
| Liabilities | 31-03-18 | Assets | 31-03-18 |
| General reserves | 61,500 | Cash | 2,500 |
| Bank Overdraft | 26,000 | Stock | 42,500 |
| 8%Debentures | 38,500 | Plant and Machinery | 1,05,000 |
| 13% Pref. Share Capital | 50,000 | Prepaid expenses | 3,500 |
| Equity Share Capital | 1,25,000 | Furniture | 52,500 |
| Bills Payables | 10,000 | Goodwill | 38,500 |
| Profit and Loss A/C | 65,000 | Investments | 24,500 |
| Creditors | 52,000 | Bills Receivable | 12,500 |
| Income Received in Advance | 5,000 | Bank balance | 14,000 |
| Provision for Tax | 12,500 | Preliminary Expenses | 10,000 |
| Accumulated Depreciation: | | Land and Building | 1,27,000 |
| -On Land and Building | 15,000 | Sundry Debtors | 55,000 |
| -On Plant and Machinery | 17,500 | Discount on Issue of Shares | 50,000 |
| -On Furniture | 20,000 | Patents | 30,500 |
| Share Premium | 25,000 | | |
| TOTAL | 5,23,000 | TOTAL | 5,23,000 |

Rearrange the above statements in Vertical form and prepare common-size balance sheet. (15 Marks)

Q. No.05.(B) Calculate cash from operating activities from the following profit and loss a/c.

| | | | |
|-----------------------|---------------|-----------------------------------|---------------|
| Salaries | 20,000 | Gross Profit | 50,000 |
| Rent | 10,000 | Profit on sale of Land & building | 5,000 |
| Depreciation | 5,000 | Income from Tax Refund | 5,000 |
| Loss on sale of Plant | 2,000 | | |
| Goodwill W/off | 5,000 | | |
| Proposed Dividend | 6,000 | | |
| Provision for Tax | 5,000 | | |
| Net Profit | 7,000 | | |
| | <u>60,000</u> | | <u>60,000</u> |

(05 Marks)

Q .No.06 Answer the following. (ANY FIVE)

- 1) State the Advantages of Common-size statement.
- 2) Explain the limitation of financial statement.
- 3) What do you understand Trend Analysis? Explain its limitations.
- 4) Explain different between Cash Flow and Fund flow statements.
- 5) What do mean by Capital Gearing?
- 6) Explain different between Old Balance sheet scheduler and New Balance sheet.

(4*5=20 Marks)

XXXXXXXXXXXX