LOYOLA COLLEGE (AUTONOMOUS), CHENNAI – 600 034

**B.Com.** DEGREE EXAMINATION – **COMMERCE**

SECOND SEMESTER – APRIL 2011

# CO 2104/2101 - FINAN.A/C & FINANCIAL STATEMENT ANALYSIS

Date : 09-04-2011 Dept. No. Max. : 100 Marks

Time : 1:00 - 4:00

**SECTION A**

Answer **all** the questions: **(10 X 2 = 20 marks)**

1. a. Ideal current ratio for a concern is \_\_\_\_\_\_\_\_\_\_\_\_\_\_

b. Cost of goods sold = Net sales - \_\_\_\_\_\_\_\_\_\_\_\_\_

2. Calculate the tax provided during the year from the following information:

At the beginning of the year the Provision for taxation stood at Rs.25,000

At the end of the year the Provision for taxation stood at Rs. 30,000

Tax paid for the current year Rs. 40,000

1. Compute profit or loss on sale of machinery

Original cost of Machinery Rs. 1,20,000;

Accumulated depreciation Rs. 49,000; Sale value of Machinery Rs. 75,000

1. Who is a petty cashier?
2. What is Bank overdraft?
3. State whether the following expenditures are capital or revenue:
4. Amount spent on heavy advertising to introduce a new product in the market
5. Amount spent on making a few more exits in a Cricket ground to comply with Government orders.
6. Classify the following accounts into personal/real/nominal
7. Salaries b. Goodwill c. Interest received d. State Bank of India
8. What is a Balance sheet?
9. Give any two uses of ratio analysis.
10. Calculate working capital turnover ratio.

Sales Rs.7,50,000 Current assets Rs. 4,00,000

Current liabilities Rs. 2,50,000

**SECTION B**

Answer any **five** questions: **(5 X 8 = 40 marks)**

1. Who are the users of accounting information ? Explain the usefulness of accounting information from their angle.
2. What are the uses and limitations of Cash flow analysis?
3. What is the accounting treatment of following items by a non-profit organization.?
4. Specific donation b. Life Membership fees c. Legacy
5. Honorarium
6. Enter the following in a Petty cash book . The petty cashier started with an imprest amount of Rs. 1,000 on 1st January2011

Jan Rs.

2 For window cleaning 50

5 One bundle of A4 sheet 100

7 Taxi fare to manager 75

9 Advertisement in Times of India 25

15 Railway fare to Salesman 125

20 Polishing office table 200

22 Paid for printing 26

25 Purchase of postage stamps 18

1. From the following particulars, determine the maximum remuneration available to a full time director of a manufacturing company.

The Profit & Loss Account of the company showed a net profit of Rs. 40,00,000 after taking into account the following items:

Rs.

1. Depreciation ( including special depreciation of Rs. 40,000) 1,00,000
2. Provision for income tax 2,00,000
3. Capital expenditure 5,00,000
4. Donation to political parties 50,000
5. Ex-gratia payment to worker 10,000
6. Capital profit on sale of assets 15,000
7. Prepare a Bank reconciliation statement as at 31st August 2010

The bank balance as per cash book Rs. 30,000

* 1. Cheque for Rs. 5,000 was credited direct to the account but omitted to be recorded in the cash book
  2. Out of cheques amounting to R.3,700 drawn , cheques amounting to

Rs. 1,300 only are encashed.

* 1. Bank charges amounting to Rs. 200 not entered in the cash book
  2. Bankers collected interest from investments Rs. 1,000
  3. A customer paid directly a cheque for Rs. 300 into the account
  4. As per the standing instructions the Bank paid the telephone bill Rs.1,000

1. After taking into account the under mentioned items of Raja ltd it made a net profit of Rs. 1,00,000 for the year ended 31sr Dec 2010:

Rs.

Loss on sale of machinery 10,000

Depreciation on building 4,000

Profit on sale of building 8,000

Income tax refund 3,000

Preliminary expenses written off 5,000

Provision for taxation 10,000

Goodwill written off 5,000

Calculate operating profit before working capital changes.

1. Calculate the amount of subscription and stationery to be shown in the Income and Expenditure account.

a. Subscriptions received during the year 2009-10 is as follows:

(2008-09 Rs. 2,000: 2009-10 Rs. 30,000: 2010-11 Rs. 3000)Rs 35,000

Subscription outstanding as on 31st March 2009 were Rs. 3,500

Subscription outstanding as on 31st March 2010 were Rs. 2,000

Advance Subscription as on 31st March 2009 were Rs. 6,000

1. Calculate the amount of stationery to be shown in the Income and Expenditure account.

Stock of stationery on 31-3-2010 Rs. 400

Stock of stationery on 31-3-2011 Rs. 500

Stationery purchased during the year Rs. 1,000

**SECTION C**

Answer any **two** questions: **(2 X 20 = 40 marks)**

1. From the following transactions prepare a Triple column cash book of Anand for the month of August 2010:

Aug Rs.

1 Cash balance 20,000

Bank balance 25,000

5 Paid rent by cheque 5,000

7 Purchased goods from Charles for credit 20,000

10 Deposited into bank 10,000

12 Returned goods to Charles 1,000

14 Withdrew from bank for office use 1,000

16 Paid cheque to Charles in full settlement 8,950

20 Withdrew cash from bank for celebrating his birthday 5,000

22 Paid salaries by cheque 10,000

26 Suresh, a customer paid directly into bank 5,000

28 Paid for advertisement 1,000

29 Cash sales 7,000

1. From the following Trial Balance , Prepare final accounts for the year ended 31st March 2011

Trial Balance

|  |  |  |  |
| --- | --- | --- | --- |
| Name of the account | Debit  Balances | Name of the account | Credit  Balances |
| Purchases  Debtors  Return inwards  Furniture  Rent  Salaries  Travelling expenses  Cash  Stock  Discount allowed  Drawings | 11,870  7,580  450  2,750  360  850  300  210  2,450  40  600  27,460 | Capital  Bad debts recovered  Creditors  Return outwards  Bank overdraft  Sales  Bill payable | 8,000  250  1,250  350  1,570  14,690  1,350  \_\_\_\_\_\_\_  27,460 |

Additional information:

* + 1. The closing stock on 31-3-2011 was Rs. 4,200
    2. Write off Rs. 80 as bad debts
    3. Create a reserve for bad debts at 5% on sundry debtors
    4. Three months rent is outstanding
    5. Depreciate furniture @ 10%

1. From the following information, prepare Balance sheet with as many details as possible:

Stock turnover ratio 6 times

Capital turnover ratio (on cost of sales) 2 times

Fixed assets turnover ratio (on cost of sales) 4 times

Gross profit ratio 20%

Debtor’s velocity 2 months

Creditor’s velocity 73 days

Gross profit in a year amounts to Rs. 60,000. Reserves & surplus amount to Rs. 20,000. Closing stock of the year is Rs. 5,000 more than the opening stock

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