

**Goa Vidyaprasarak Mandal's
Gopal Govind Poy Raiturcar College of Commerce and Economics
Ponda – Goa**

**B.Com. (Semester – IV) Examination, April 2017
FINANCIAL ACCOUNTING – Paper- IV**

Duration: 2 hours

Marks : 80

- Instructions** :
1. Question No. 1 is compulsory.
 2. Answer any 3 questions from Q2 – Q6 .

Q.1. The following are the balances of Colourful Designs Ltd. as on 31st March. (20)

Equity and liabilities	31.3.16	31.3.17	Assets	31.3.16	31.3.17
Equity Share Capital	10,00,000	15,00,000	Goodwill	14,000	7,000
Securities premium	50,000	80,000	Land & Building	10,00,000	14,62,000
8% preference shares	2,00,000	1,00,000	Plant and machinery	5,00,000	7,00,000
General Reserve	1,53,000	3,00,000	furniture	61,000	45,000
Profit & loss a/c	5,00,000	7,00,000	long term		
Trade Creditors	2,40,000	2,60,000	Investments	2,15,000	2,03,000
Provision For Tax	50,000	55,000	Stock	1,89,000	2,50,000
Proposed Dividend	14,000	15,000	Sundry debtors	85,000	1,70,000
			Cash and bank	1,43,000	1,73,000
	22,07,000	30,10,000		22,07,000	30,10,000

The following additional information is given to you:

1. Income tax paid during the year was ` 50,000.
2. Depreciation on plant to be charged ` 75,000.
3. Dividend ` 12,000 was paid on equity shares.
4. Furniture costing 20,000(book value ` 16,000) was disposed off for ` 15,000.

Prepare :

1. A **funds flow statement** for the year ended 31.3.17.
2. A statement showing changes in the working capital.

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Q.2. The authorized capital of Sharada Ltd. is ₹ 15,00,000 divided into 15,000 equity shares of ₹ 100 each. The following is the trial balance of the company for the year ended 31st March 2017. (20)

Particulars	Debit	Credit
Plant and machinery	9,00,000	
Equity share capital		11,50,000
Calls-in-arrears	18,750	
Stock as on 1.4.16	1,87,500	
Furniture	18,000	
Building	7,50,000	
Debtors and creditors	2,17,500	1,25,000
Purchases and sales	4,62,500	10,37,500
Interim dividend paid	18,750	
Rent	12,000	
Debenture interest paid	22,500	
Travelling expenses	12,250	
Profit & loss account(1.4.16)		36,250
General reserve		50,000
Dividend received		12,500
Bills payable		86,500
Returns inwards	12,500	
Freight outwards	32,750	
Goodwill	62,500	
Investment in shares	1,00,000	
Salaries and Wages	1,48,250	
Cash and bank balances	1,01,625	
Interest on securities		8,500
6% debentures		7,50,000
9% Government Securities	1,50,000	
Staff welfare expenses	14,350	
Bad debts	5,275	
Advertisement	18,000	
Provision for doubtful debts		8,750
	<u>32,65,000</u>	<u>32,65,000</u>

Additional information:

1. Depreciation on plant and machinery shall be 10% and furniture 5% p.a.
2. Provision for bad debts to be maintained at 5%.
3. The closing stock as on 31st March 2017 shall be ₹ 2,50,000.
4. The interest on debentures and securities is due .
5. The provision for tax to be made shall be ₹ 23,000.

Prepare the **Profit And Loss Statement** as per the revised schedule VI of the companies Act.

Q.3. Following are the balances of Chandani Ltd. as on 31st March 2017.

(20)

Credit balances	`	Debit balances	`
Equity share capital	3,00,000	Goodwill	50,000
12% preference share capital	1,45,000	Land	1,00,000
8% debentures	4,00,000	Plant and machinery	6,40,000
Profit & loss A/c	1,00,000	Long term investments	2,00,000
General reserve	1,00,000	Bills receivable	45,000
Short term Bank loan	1,75,000	Sundry debtors	4,15,000
Creditors	2,40,000	inventory	2,50,000
Bank overdraft	1,50,000	Cash at bank	20,000
Provision for taxation	1,55,000	Prepaid expenses	25,000
		Preliminary expenses	20,000
	17,65,000		17,65,000

From the above balances, calculate the following ratios and comment upon them (detailed workings should form part of your answer):

1. Current ratio
2. Liquid ratio
3. Proprietary ratio
4. Debt equity ratio
5. Stock working capital ratio
6. Capital gearing ratio.

Q.4. Prepare a common size balance sheet from the following data of Twinkle India Ltd.

(20)

Equity and liabilities	31.3.16	Assets	31.3.16
Equity share capital	3,00,000	Goodwill	30,000
Preference share capital	2,50,500	Land And Building	4,92,000
Profit and loss a/c	92,250	Equipment	1,50,000
General reserve	87,000	Long Term Investments	71,000
7% debentures	1,11,250	Stock-In Trade	66,000
Creditors	36,000	Sundry Debtors	75,000
Outstanding rent	63,000	Cash At Bank	73,000
Provision for tax	40,000	Prepaid expenses	15,000
Proposed dividend	20,000	Preliminary expenses	28,000
	10,00,000		10,00,000

Q. 5. From the following balances of StainlessSteels Ltd. Prepare a **cash flow statement** as on 31st March 2017. (20)

Equity and liabilities	31.3.16	31.3.17	Assets	31.3.16	31.3.17
Equity share capital	5,00,000	6,00,000	Land and building	3,00,000	3,80,000
Profit and loss a/c	2,00,000	3,50,000	Motor vehicles	1,75,000	1,50,000
15% debentures	2,00,000	Nil	Plant and machinery	3,99,000	2,43,000
9% bank loan	Nil	90,000	Long term investments	Nil	2,25,000
Provision for taxation	60,000	65,000	Debtors	40,000	53,000
Creditors	72,000	60,000	Closing stock	67,000	58,000
Bills payable	28,000	40,000	Cash in hand	19,000	17,000
			Cash at bank	60,000	79,000
	<u>10,60,000</u>	<u>12,05,000</u>		<u>10,60,000</u>	<u>12,05,000</u>

Additional information :

1. ` 50,000 dividend was proposed and paid during the year 2016-17.
2. Depreciation to be charged on motor vehicles ` 25,000 and plant ` 28,900.

Q. 6. From the following profit and loss statement of Giri Electronics Ltd., calculate the ratios mentioned below : (20)

particulars	`	particulars	`
To opening stock	82,000	By sales	11,00,000
To purchases 7,35,000		By closing stock	98,000
Less : returns <u>35,000</u>	7,00,000		
To wages	40,000		
To carriage inwards	6,000		
To gross profit c/d	3,70,000		
	<u>11,98,000</u>		<u>11,98,000</u>
To salaries	80,000	By gross profit b/d	3,70,000
To stationery	22,000	By rent received	10,000
To carriage outwards	6,000	By profit on sale of investments	15,000
To advertising	7,500		
To delivery van expenses	4,800		
To insurance	1,000		
To audit fees	6,000		
To depreciation on plant	3,000		
To loss on sale of machinery	4,000		
To interest on debentures	30,000		
To provision for tax	66,000		
To net profit c/d	1,64,700		
	<u>3,95,000</u>		<u>3,95,000</u>

Calculate :

1. Gross profit ratio
2. Operating ratio
3. Net operating profit ratio
4. Net profit ratio
5. Stock turnover ratio

Working notes should be prepared for calculation of ratios.