

Goa Vidyaprasarak Mandal's
Gopal Govind Poy Raiturcar College of Commerce and Economics, Ponda – Goa.
B.COM. (SEMESTER – IV) SUPPLEMENTARY EXAMINATION
MAY/JUNE 2016
FINANCIAL ACCOUNTING – Paper- IV

Time : 2 hours

Maximum marks : 80

- Instructions
1. Question no. 1 is compulsory.
 2. Answer any 3 questions from Q2 – Q6 .
 3. Working notes should form part of your answer.

Q.1. Following are the balances from Chetana Ltd. as on 31st March 2016. (20)

Credit Balances	`	Debit balances	`
Equity share capital	4,00,000	Returns inwards	30,000
General reserve	3,40,000	Cash at bank	14,200
Sales	41,30,000	Repairs and maintenance	8,600
Sundry creditors	1,00,000	Opening stock of raw material	2,67,000
9% debentures	1,00,000	Plant and machinery	4,30,000
Development rebate reserve	2,10,000	Land	30,000
Provision for tax	3,00,000	Furniture	12,200
Dividend received	54,600	Sundry debtors	1,40,000
Bank overdraft	12,500	Opening stock of finished goods	3,10,000
Interest received on Govt. Bonds	4,000	Purchases of Raw material	28,60,000
Returns outwards	60,000	Building	74,100
		patterns	30,000
		Rent paid	5,300
		Bills receivable	4,600
		Advances to suppliers	50,000
		8% Government Bonds	1,00,000
		Directors fees	8,800
		Travelling and conveyance	4,100
		Auditor's fees	1,500
		Staff welfare expenses	34,000
		Bad debts	61,400
		Salaries, wages and bonus	11,60,000
		Interest paid on debentures	4,500
		Insurance premium paid	70,800
	<u>57,11,100</u>		<u>57,11,100</u>

Additional information :

- The Closing stock of finished goods was ` 5,60,000 and of raw materials was ` 4,50,000.
- Depreciation to be charged on plant and machinery shall be @ 10 % p.a. and patterns @ 5% p.a.
- Provide @ 5% for doubtful debts.
- Provision for tax to be made at ` 20,000.
- Prepaid Insurance premium for the next year was ` 20,800.
- The interest on Bonds and debentures is due.

Prepare the **profit and loss statement (with notes)** as per the revised schedule of the Companies Act.

Q. 2. Sneha Ltd. has given the below mentioned figures as on 31st march 2016. (20)

liabilities	`	Assets	`
Paid Up Equity Share Capital (15,000 Shares Of 100 Each)	15,00,000	Fixed assets	16,40,000
Reserves And Surplus	6,00,000	Short term investments	1,60,000
8% Long Term Debentures	5,00,000	Stock-in-trade	9,10,000
Outstanding Expenses	1,00,000	Book debts	12,00,000
Bank Overdraft	2,00,000	Cash at bank	40,000
Creditors	11,00,000	Preliminary expenses (to the extent not written off)	50,000
	<u>40,00,000</u>		<u>40,00,000</u>

The net profit after interest and tax is ` 90,000

The company desires you to compute the below stated ratios for financial analysis (detailed workings should form part of your answer):

1. Current ratio
2. Liquid ratio
3. Proprietary ratio
4. Debt equity ratio
5. Capital gearing ratio
6. Stock working capital ratio
7. Earnings per share (EPS)

Q.3. Below mentioned are the balances of Abee India Ltd. as on 31st march 2015 and 2016. (20)

Liabilities	31.3.15	31.3.16	Assets	31.3.15	31.3.16
Equity Share Capital	15,00,000	20,00,000	Goodwill	1,85,000	1,66,500
Securities Premium	Nil	50,000	Land	2,30,000	2,30,000
8% preference shares	5,00,000	6,00,000	Building(WDV)	6,40,000	6,10,000
General Reserve	6,00,000	7,00,000	Plant and machinery	18,35,000	22,20,400
Profit & Loss A/C	3,60,300	4,90,640	Investments(long term)	50,000	75,600
Secured Loan(long term)	8,60,000	10,00,000	Stock-in-trade	8,40,430	9,16,340
Proposed Dividend	1,00,000	1,50,000	Book debts	8,00,370	12,02,150
Sundry Creditors	6,79,700	4,99,360	Cash at bank	19,200	69,010
	<u>46,00,000</u>	<u>54,90,000</u>		<u>46,00,000</u>	<u>54,90,000</u>

Additional information:

- During the year ended 31.3.16, the depreciation provided on assets was as follows: Buildings – ` 30,000, plant and machinery – ` 2,40,500.
- The final dividend for the year 2015 ` 1,00,000 was paid during the year ended March 2016.

Prepare :

1. A funds flow statement for the year ended 31.3.16.
2. A statement showing changes in the working capital.

Q. 4. Swastik paper Ltd. has given the following data as on 31st March 2016. (20)

Operations for the year ended 31st March 2016

Particulars	`
Sales	5,00,000
Purchases	2,90,000
Opening Stock	55,000
Closing Stock	87,500
Wages	32,500
Administrative Expenses	16,000
Selling Expenses	9,000
Debenture Interest	11,000
Income Tax Provision	30,000

Balances as on 31st March 2016

Equity and liabilities	`	Assets	`
Equity Share capital (4,000 shares of 100 each)	4,00,000	Fixed assets	3,12,500
Reserves and surplus	1,25,000	Long term investments	1,50,000
8% preference share capital	50,000	Current assets (including closing stock)	3,75,000
11% debentures	1,00,000	Preliminary expenses	25,000
Current liabilities	1,87,500		
	8,62,500		8,62,500

The market price per equity share is ` 105.

The company desires you to compute the below stated ratios for financial analysis (detailed workings should form part of your answer):

- Gross Profit Ratio
- Stock Turnover Ratio
- Return On capital employed
- Return On Proprietors' Funds
- Return On Equity share capital
- Price earnings ratio (P/E ratio)

Q.5. From the following balances of Godrej foods Ltd., prepare a **Cash Flow Statement (indirect method)** for the year ended 31st March 2016. (20)

Liabilities	31.3.15	31.3.16	Assets	31.3.15	31.3.16
Equity share capital	2,00,000	2,50,000	Goodwill	10,000	5,000
General reserve	50,000	60,000	Land and buildings	2,00,000	1,90,000
Profit & loss A/c	30,500	30,600	Plant and machinery	1,50,000	1,69,000
9% Bank loan(secured)	70,000	Nil	Stock	90,000	74,000
Sundry creditors	1,50,000	1,35,200	Sundry debtors	80,000	64,200
Provision for tax	30,000	35,000	Cash	500	600
			Bank	Nil	8,000
	5,30,500	5,10,800		5,30,500	5,10,800

Additional information:

- Dividend of ` 23,000 was paid during the year.
- Income tax paid during the year was ` 28,000.
- Machinery purchased during the year was ` 33,000.
- Depreciation written off on building was ` 10,000 and machinery ` 14,000.

Q.6. The authorized capital of Uday Limited was 5,000 8% preference shares of ` 100 each and 30,000 equity shares of ` 100 each. The particulars as on 31st March 2016 were as follows : (20)

Particulars	Debit	Credit
Equity share capital		20,00,000
8% preference share capital		2,00,000
Calls-in-arrears	2,000	
Land	4,00,000	
Building	7,00,000	
Plant and machinery	10,50,000	
Furniture	1,00,000	
General reserve		4,20,000
copyrights	1,50,000	
Loan from State financial corporation(long term)		3,00,000
closing stock of :		
Raw material	4,00,000	
Finished goods	1,00,000	
Government Bonds(short term)	1,00,000	
Provision for taxation		1,36,000
Sundry debtors	4,00,000	
Loans and advances(long term)	85,400	
Securities premium		1,20,000
Profit and loss A/c(closing balance)		3,00,000
Cash and bank balance	5,54,000	
Preliminary expenses	96,600	
Prepaid expenses	50,000	
Loans(unsecured)		2,42,000
Sundry creditors (for goods and expenses)		4,00,000
proposed dividend		70,000
	41,88,000	41,88,000

Prepare a **Common Size Balance Sheet** (with notes) as on 31st March 2016, as per the revised schedule VI of the companies Act.

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