



॥ विद्या सर्वस्य भूषणम् ॥

PRABODHAN EDUCATION SOCIETY'S  
Vidya Prabodhini College of Commerce, Education, Computer & Management.  
Vidyanagar, Alto-Parvari, Goa

**SEMESTER END EXAMINATION-APRIL 2017 (REGULAR/REPEAT)**

Semester: IV

M.Marks:80

Sub: Financial Accounting - IV

Duration: 2 hours

Instructions:

1. Question No. 1 is compulsory
2. Attempt any three from question No. 2 to Question No. 6
3. Working note should form the part of the solution.
4. Every main question should begin on fresh page.
5. Use of calculator allowed.

Q.1. From the following Trial Balance of Algebra Ltd. you are required to prepare Profit and Loss statement and Balance Sheet as on 31-03-2017 as per schedule VI of Companies Act, 1956.

Particulars	Debit/Rs	Credit/Rs
Equity share capital	--	4,00,000
Long term loan	--	2,00,000
General reserve	--	1,00,000
Creditors	--	50,000
Plant & Machinery	3,00,000	--
Goodwill	1,80,000	--
Long term investments	2,00,000	--
Debtors	50,000	--
Sales	--	8,00,000
Cash and cash equivalents	1,55,000	--
Stock as on 1 <sup>st</sup> April, 2016	1,00,000	--
Rent	40,000	--
Purchases	2,30,000	--
Interest paid on long term loan	40,000	--
Salaries	1,00,000	--
Wages	80,000	--
Advertising expenses	60,000	--
Printing and stationary	15,000	--
	<b>15,50,000</b>	<b>15,50,000</b>

**Additional information:**

Plant and machinery is to be depreciated at 10% p.a. Tax rate for the year is 25%. (20 marks)

Q.2. From the following information of Maths Ltd. you are required to prepare a Cash Flow Statement for the year ended 31<sup>st</sup> March, 2017. (20 marks)



<b>Liabilities</b>	<b>31.3.2016</b>	<b>31.3.2017</b>
Share Capital	3,00,000	3,00,000
Secured Loan	80,000	1,00,000
Profit and Loss A/c	50,000	85,000
Creditors	28,000	90,000
Tax Payable	6,000	10,000
	<b>4,64,000</b>	<b>5,85,000</b>
<b>Assets</b>		
Machinery	2,00,000	2,90,000
Inventory	1,38,000	1,50,000
Debtors	41,000	90,000
Cash	40,000	18,000
Preliminary Exp.	45,000	37,000
	<b>4,64,000</b>	<b>5,85,000</b>

**Statement of Incomes and Expenses for the year ended 31.3.2017**

<b>Particulars</b>	<b>Rs.</b>	<b>Particulars</b>	<b>Rs.</b>
To Opening Stock	1,38,000	By Sales	4,00,000
To Purchases	2,00,000	By Closing Stock	1,50,000
To General Expenses	47,000		
To Depreciation	30,000		
To Provision for Tax	20,000		
To Net Profit	1,15,000		
	<b>5,50,000</b>		<b>5,50,000</b>
To Dividend	80,000	By Balance b/d	50,000
To Balance c/d	85,000	By Net Profit b/d	1,15,000
	<b>1,65,000</b>		<b>1,65,000</b>

**Q.3.** The Balance sheet of Geometry Ltd. shows the following figures:

Share Capital: 1,500 fully paid equity shares of Rs. 100 each.

10% 1,000 Preference shares of Rs.100 each.

Net profit before tax: Rs. 3,00,000

Preference dividend: Rs. 10,000

Cash and cash equivalent: Rs. 30,000

Tax expense: Rs. 50,000

Fixed assets: Rs. 1,13,000

Creditors: Rs. 20,000

5%, Debentures: Rs. 24,000

Bills payable: Rs. 4,000

Debtors: Rs. 18,000

Stock: Rs. 52,000

General reserve: Rs. 8,000

You are required to calculate i) Current ratio, ii) Liquid ratio, iii) Earnings per share, and iv)

Capital gearing ratio, and comment on each ratio.

**(20 marks)**



**Q.4.** From the given Trial Balance items of Milton Mills, prepare a Common size Profit and Loss statement for the year ending 31<sup>st</sup> March, 2017. (20 marks)

- Credit sales: Rs. 6,00,000.  
 Cash sales: Rs. 2,00,000.  
 Rent received: Rs. 50,000.  
 Dividend received: Rs. 50,000.  
 Materials consumed: Rs. 20,000.  
 Purchases of raw materials: Rs. 80,000.  
 Salaries and wages: RS. 50,000.  
 Employee welfare expenses: Rs. 10,000.  
 Interest paid on bank loan: Rs. 10,000.  
 Debenture interest: Rs. 12,000.  
 Depreciation on furniture: Rs. 2,000.  
 Depreciation on machinery: Rs. 8,000.  
 Advertising: Rs. 5,000  
 Warehouse rent: Rs. 8,000  
 Tax expense: 25%

**Q.5.** From the Balance sheet of Zebra Ltd. as on 31/03/2016 and 31/03/2017, you are required to prepare a fund flow statement.

Particulars	Note No	31 <sup>st</sup> March 2017(Rs)	31 <sup>st</sup> March 2016(Rs)
<b>I. Equity &amp; Liabilities</b>			
<b>1. Shareholders' Funds</b>			
a) Share Capital		4,00,000	3,00,000
b) Reserves and surplus: P & L		2,50,000	1,50,000
<b>2. Non-Current Liabilities</b>			
Long term borrowings: Bank Loan		1,50,000	2,50,000
<b>3. Current Liabilities</b>			
a) Trade payables		40,000	70,000
b) other current liabilities: Outstanding salaries		10,000	6,000
c) short term provisions: Provision for tax		70,000	50,000
<b>Total</b>		<b>9,20,000</b>	<b>8,26,000</b>
<b>II. Assets</b>			
<b>1. Non-Current assets</b>			
a) Fixed assets			
i) Tangible assets		4,80,000	4,00,000
ii) In-Tangible assets		85,000	1,00,000
b) Non-Current investments		70,000	----
<b>2. Current assets</b>			
a) Inventories		80,000	48,000
b) Trade receivables		90,000	78,000
c) Cash and cash equivalents		1,15,000	2,00,000
<b>Total</b>		<b>9,20,000</b>	<b>8,26,000</b>

**Additional information:**

During the year, tangible assets costing Rs. 1,10,000 were purchased.



Intangible asset written off Rs. 15,000

(20 marks)

**Q.6.** The Profit and Loss statement of Filchem Ltd. shows the following figures:

- Interest income: Rs.50,000
- Dividend income: Rs. 30,000
- Rent received: Rs. 10,000
- Revenue from operations: 5,50,000
- Interest paid on debentures: Rs. 20,000
- Interest paid on bank loan: Rs. 15,000
- Depreciation on Machinery: Rs. 26,000
- Preliminary expenses written off: Rs. 14,000
- Salaries paid: Rs. 17,000
- Wages paid: Rs. 13,000
- Total expenses incurred: 1,90,000
- Purchases of stock in trade: Rs. 60,000

Calculate i) Finance cost to total cost ratio. ii) Depreciation & amortisation expenses to total expenses ratio. iii) Other income to total income ratio. iv) Employee benefit expenses to total expenses ratio, and comment on each ratio. (20 marks)

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