

V.P.M.'s K.G. Joshi College of Arts & N.G. Bedekar College of Commerce, Thane.
 TYBCOM -B & I 5TH SEMESTER
 PRELIMINARY EXAMINATION OCT - 2008

TIME : 11.00 a.m. to 1.00 p.m.

MARKS : 60

CODE : 534 - A

DATE : 13/10/2008

SUBJECT & PAPER : FIN. REPORTING & ANALYSIS

- Instruction : 1] All the questions are compulsory.
 2] Figures to the right indicate full marks.
 3] All the Questions carry equal marks.

Q.1 Following is the Trial Balance of Benami Ltd. as on 31/3/08

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Particulars	Debit	Credit
Share Capital (of Rs.10 each)		500,000
Securities Premium		50,000
Land & Building (cost Rs.300,000)	250,000	
Plant & Machinery (cost Rs.400,000)	300,000	
Live Stock	20,000	
Gross Profit earned during the year		180,000
General Reserve		180,000
6% Debentures (secured by mortgage or land)		100,000
Sundry Debtors / Creditors	60,000	20,000
Stock as on 31/3/06	50,000	
Salaries	20,000	
Directors Fees	9,000	
General Expenses	15,000	
Cash at Bank	30,000	
Cash in hand	2,000	
Bills Receivable	20,000	
Discount on Issue of Debentures	4,000	
Profit & loss b/f		10,000
Investment (4% Government Securities, Face value Rs.100,000)	95,000	
Investment in Equity Shares (10000 shares of Rs.25 each Rs.20 paid up)	150,000	
Advance Income tax	15,000	
	10,40,000	10,40,000

Additional Information :-

- 1) of the debtors, Rs. 20,000 were outstanding for more than 6 months. All debtors are considered good except doubtful debt of Rs.5,000.
- 2) A provision is to be made for Income Tax for Rs.10000.

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- 4) Auditors fee Rs.5000 should be provided for.
 5) Depreciation is to be provided for 5% on the original cost of machinery and 3% on the original cost of Land & Building.
 6) Provide for dividend of 8% on shares.

Prepare Profit & Loss A/c for the year ended on 31/3/08 and Balance sheet on that date in vertical form as per schedule VI of the Companies Actm 1956.

OR

- Q.1 A)** The following figures have been extracted from the Trial Balance of Prakash Ltd. as on 31/3/08

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Goodwill at cost	Rs.10 lakhs
Machinery at Cost (as on 1/4/07)	Rs.15 lakhs
Addition in Machinery on 30/6/07	Rs.06 lakhs
Furniture at cost	Rs.04 lakhs
Depreciation provision as on 1/4/07	
Machinery	Rs.8.9 lakhs
Furniture	Rs.2.2 lakhs
Sale of old Machinery	Rs.3 lakhs

The cost of machinery sold was Rs.8 lakhs and depreciation provided on it was Rs.5 lakhs. Provide depreciastion on machinery @ 10% p.a. and on furniture @ 5% p.a. on its written down value. No depreciation is to be provided on the asset in the year of sale. Prepare schedule of fixed assets as per companies Act.

- B)** The authorised Capital of Aaditya Ltd. was Rs.10 crores divided into 80 lakhs equity shares of Rs.10 each and Rs.2 lakhs, 8% preference Shares of Rs.100 each. All the preference Shares were issued and fully paid up. 50 lakh equity shares were issued to the public at a premjum of Rs.5 per Share.

07

Mr.Santosh to whom 10000 equity Shares were allotted had not paid call money of Rs.5 per Share. Prepare a Schedule of Share Capital as per Companies Act.

- Q.2** Following is the trial balance of syndicate Bank Ltd. as on 31/3/04. You are required to prepare Profit & Loss A/C for the year ended 31/3/04 and Balance sheet as on that date

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Particulars	Debit	Credit
Share Capital (3000 equity Shares of Rs.100 each Rs.50 paid up)		15,00,000
Profit & Loss A/c (1/4/03)		1,22,250
Current Deposit Accounts		32,16,000
Fixed Deposit Accounts		35,14,500
Saving Bank Accounts		16,60,500
Directors Fees	13,950	
Audit Fees	13,200	
Furniture	128,850	
Interest Paid	600,600	
Interest and Discount		10,56,000
Commission and Exchange		3,04,500
6% Government Bonds	15,60,000	
Shares in Companies	12,00,000	
Branch Adjustment Account	3,06,000	
Postage & Printing	10,350	
Premises	25,54,500	
Salaries	1,00,500	
law Charges	7,950	
Provident Fund Contribution	16,800	
Cash in hand	310,500	
Bill discounted and purchased	100,500	
Unexpired Insurance	4,050	
statutory Reserve Fund		127,500
Loans, cash credit and overdrafts	45,73,500	
	115,01,250	115,01,250

Additional Information :-

- 1) Rebate on Bills discounted amounted to Rs.10,650
- 2) Provide Rs. 57,750 for doubtful debts
- 3) The bank has accepted bills worth Rs.375000 on behalf of the customers against the securities of Rs.465000 lodged with the bank.
- 4) Provide depreciation on premises Rs.109,500 and on furniture Rs.8850
- 5) Provide for taxation Rs. 11250

OR

CODE : 534 A**Q.2 Write Short notes on any three of the following :- 15**

- 1) Rebate on Bills Discounted
- 2) Classification of assets for NPA provision
- 3) Accounting Standards in India
- 4) Contingent Liabilities
- 5) Accrual concept

Q.3 Prepare Revenue A/c of united Insurance Company Ltd. from the following information 15

Claims admitted but not paid	12,376
Commission Paid	45,000
Commission on reinsurance received	10,000
Claims outstanding on 1/4/05	25,000
Claims paid	15,000
Expenses of Management	65,000
Premiums received less reinsurance	525,000
Reserve for unexpired risks (1/4/05)	200,000
Premium outstanding at the end of the year	50,000
Additional Reserve	40,000

Additional Information

- 1) Expenses of Management includes Legal expenses paid Rs.18000 for settlement of Claims
- 2) Additional Reserve at 10% of net premium is to be maintained.

OR

Q.3 Write short Notes on any three of the following :- 15

- 1) Reinsurance
- 2) Reserve for unexpired risk
- 3) Funds from Operations
- 4) Solvency Ratios

Q.4 Following is the Balance sheet of Orbit corporation Ltd. 15

Liabilities	2003	2004	Assets	2003	2004
Equity Share			Fixed Assets	400000	320000
Capital	450000	450000	Investment	50000	60000
General Reserve	300000	310000	Stock	240000	210000
Profit & Loss A/C	56000	68000	Bank Balance	149000	197000
Creditors	168000	134000	Debtors	210000	455000

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Additional Information :-

- 1) During 2004, part of the fixed assets worth Rs.10000 were sold for Rs.12000. The profit was included in Profit & Loss A/C.
- 2) Dividend paid in 2004 was Rs.40000.
- 3) Investments costing Rs.8000 were sold for Rs.7000.
- 4) Provision for taxation made in 2004 was Rs.9000. You are required to prepare
 - a) A statement of Changes in working capital
 - b) Funds Flow Statement.

OR

Q.4 A) Following are the ratios relating to K Ltd.

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Debtors velocity	-	3 months
Stock Velocity	-	8 months
Creditors velocity	-	2 months
Gross Profit Ratio	-	25%

Gross Profit for the year amounted to Rs. 400,000. Closing Stock for the year is Rs.10,000 more than the opening stock. Bills receivables amounted to Rs.25,000 and Bills payable Rs.10,000

Find out -

- | | |
|---------------------|-------------------|
| a) Sundry Creditors | b) Closing Stock |
| c) Sales | d) Sundry Debtors |
- B)** State whether the following statements are True or False. If false, write the correct statement.
- 7**
- 1) For the purpose of Cash Flow Statement, Deposits kept with banks for 30 days will be classified as Investing activity.
 - 2) Interest paid on loans reduces the cash flow for operating activity.
 - 3) Income tax paid is a non-operating Cash outflow.
 - 4) Loans given to other is a financing activity
 - 5) Increase in Bank Ovedrdraft is added to funds from operations for calculating cash from operations
 - 6) While inflow of cash results in inflow of funds, inflow of funds may not always result in inflow of cash.
 - 7) Increase in current assets always result in inflow of cash.