



Institute of Management
JK LakshmiPat University
Jaipur

MID TERM-II EXAMINATION-OCT 2019

BBA Sem I
MM: 20 Marks

Course: Accounting for Business
Time: 1.5 Hours
Subject code: FA1101

Question number 1 is compulsory and answer any one question from the remaining each of 10 marks.

Q1. The following balances are taken from the books of Amisha Limited.

Particulars	₹	Particular	₹
Capital	1,20,000	Drawings	21,000
Stock(1.1.2017)	45,000	Plant & Machinery	24,000
Furniture	1,500	Purchases	2,95,000
Sales	4,35,000	Insurance	1,500
Purchase returns	4,000	Sales Returns	7,000
Rent	5,000	Trade Expenses	2,000
Salaries	24,000	Wages	40,000
Bad Debts	1,000	Investment (1.4.2017 Int. 6%)	50,000
Sundry Debtors	40,000	Sundry Creditors	19,000
Commission Received	800	Cash	12,200
Freehold Premises	6,000	Misc. Receipts	1,200
Patents	4,800		

After making the following adjustments prepare a trading and profit and loss account for the year ended 31st December, 2017 and a Balance sheet as on that date.

- Stock on 31st December, 2013 was 75,000.
- Depreciate Machinery by 10% and furniture by 20%.
- Wages 5000 and Salaries 1200 are outstanding.
- Write off 500 as bad debts and create a reserve on bad and doubtful debts at 5% and reserve for discount on debtors at 2%.
- Investment is made on 1.4.2017 and no interest has been so received so far.

Q2. Complete the following balance sheet from the information given in the following text: (10 Marks)

Balance Sheet as at 31st December 2018

Equities & Liabilities	Amount (Rs.)	Assets	(Amount in Rs.)
Equity Share Capital of Rs.100 each	xxxxx	Fixed Assets	Xxxxx
Reserve & Surplus	xxxxx	Current Assets-	
10% Debenture	4,00,000	Stock	Xxxxx
Current Liabilities-		Debtors	Xxxxx
Sundry Creditor	Xxxxx	Other Current Assets	xxxxx
Other Current Liabilities	2,00,000		
Total	xxxxx	Total	xxxxx

The following information is available

- Sales for the year Rs.48 lakhs.
- Gross profit Ratio is 25%
- Net profit after tax is Rs. 2, 00,000.
- Purchase and Sales on Credit basis.
- Debtor turnover ratio is 12:1 (Sales/Debtors)
- Creditor turnover ratio is 12:1 (Cost of sales/ Creditors)
- EPS is Rs. 20 per share.
- Stock turnover ratio is 10.
- Debt-Equity ratio is 0.25:1
- Current ratio is 1.6:1

Q3. The financial data for the company ZEN Y Ltd are as follows- (8marks).

Particular	Amount(₹)
<u>Current Assets</u>	
Cash	12,500
Short-term Investment	3,000
Accounts Receivable	94,500
Inventory	1,05,500
Prepaid Expenses	9,500

Total Current Assets	2,25,000
Fixed Assets	2,62,000

<u>Total Assets</u>	4,87,000

Current Liabilities	1,83,000
Other long term liabilities	1,50,000
Equity share ₹10 per value(7,500 shares)	75,000
Reserve & Surplus	79,000

<u>Total liabilities & Shareholder equity</u>	4,87,000

Market Price per Equity Share	14
Dividend paid per equity share for the current year	4
<u>Income Statement</u>	
Net Sales(all on credit)	3,01,500
Cost of Goods sold	2,27,000
Gross profit	74,500
Administration expenses	6,500
Net Income	68,000

Calculate the following ratio for the company for the current year and interpret the ratio obtained.

1. Debtors turnover ratio
2. Inventory turnover ratio
3. Debt-equity ratio
4. Return on total assets
5. Return on shareholder's equity
6. Earnings per share
7. Price earnings ratio
8. Dividend payout ratio
9. Current Ratio
10. Absolute Liquid Ratio