

ACCOUNTANCY PROBLEMS

1. Calculate the CR of VGC.Ltd from the following particulars.

Particulars	Amount
Machinery	27,000
Trade Receivables	1,10,000
Current investments	30,000
Debentures (to be redeemed after 2 years)	2,10,000
Cash and cash equivalents	40,000
Expenses outstanding	50,000
Prepaid expenses	20,000
Trade payables	75,000
Inventory	50,000

2. From the following balance sheet of Mohan Calculate CR.

PARTICULRS	AMOUNT
I. EQUITY AND LIABILITIES	
Share Capital	2,50,000
Reserves and Surplus	5,000
Trade payables	20,000
Total	2,75,000
II. ASSETS	
Fixed Assets	2,00,000
Inventories	40,000
Trade Receivables	7,000
Cash and cash equivalents	28,000
Total	2,75,000

3. From the following calculate CR.

Sl.no	Items	Amount
1	Total Assets	2,00,000
2	Share holders fund	70,000
3	Non-Current liabilities	20,000
4	Non-current assets	50,000

4. a firm had current assets of Rs.4,10,000. It then paid Trade Payables of Rs.50,000 out of Current Assets, making the CR 2.4:1 Ascertain the amount of Current Liabilities and Working Capital after payment.

5. CR = 1.7:1, Current Asset = Rs.51,000, Current liabilities = Rs.30,000. The accountant is interested in maintaining the current ratio of 2:1 by paying a part of current liability. Calculate the amount of current liability to be paid.

6. From the following compute quick ratio: current assets Rs.1,60,000; inventory Rs.40,000; prepaid expenses Rs.10,000, advance tax Rs.15,000and Working Capital Rs.60,000.

7. From the following particulars, compute CR and Liquid Ratio: Liquid Assets Rs.37,500; inventory Rs.5,000; Advance Tax Rs.2,000; Prepaid Expenses Rs.1,500; Accrued Income Rs.5,000; Working Capital Rs.15,000

8. Calculate QR from the following; Working Capital Rs.1,20,000; Total Debts Rs.2,60,000; Long Term Debt Rs.2,00,000; Inventories Rs.50,000; Prepaid Expenses Rs.10,000.

9. From the following compute current ratio and quick ratio.

SL.NO	ITEMS	AMOUNT
1.	Current Investments	1,60,000
2.	Inventories	15,000
3	Trade Receivables	12,000
4	Short-term Borrowings	40,000
5	Trade Payables	12,500
6	Prepaid Expenses	11,000
7	Short-term Provisions	13,000
8	Other Current Liabilities	25,000
9	Short-term Loans and Advances	44,000
10	Tangible Fixed Assets	11,00,000
11	Cash and Cash Equivalents	20,000
12	Advance Tax	16,000

10. Calculate the CR and QR from the given particulars and give your comments about the same if the industry ratio is under Current Ratio 2:1, Quick Ratio 0.80:1

Particulars	Amount
Cash and Cash Equivalents	10,000
Trade Receivables	71,000
Current Investments	20,000
Non-Current Investments	40,000
Inventories	1,90,000
Prepaid Expenses	9,000
Plant and Machinery	2,00,000
Loose Tools	50,000
Trade Payables	1,00,000
Provision for Taxation	25,000
Outstanding Expenses	5,000
Surplus; Balance in Statement of P/L	80,000

11. RN Ltd. Has a Current Ratio of 4.5:1 and QR of 3:1. If its inventory is Rs.72,000, find out its total Current Assets and total Current Liabilities.

12. CR 2.5, Working Capital Rs.60,000. Calculate the amount of Current Assets and Current Liabilities.

13. Current Liabilities of a company are Rs.4,00,000. Its Current Ratio is 2:1 and Liquid Ratio is 0.5:1. Calculate inventories.

14. Calculate Debt Equity Ratio from the following.

Authorised Capital	5,00,000
Issued Capital	4,70,000
Subscribed Capital	2,00,000
Trade Payables	34,000
Long-term Borrowings	2,00,000
Long-term Provisions	20,000
Reserves ad Surplus	70,000

15. Compute Debt-Equity Ratio from the following.

13% Preference Shares – 20,000

Equity Shares @Rs.10 each – 34,000

15% Debentures – 15,000

Long Term loan from Bank of India – 50,000

Reserves and Surplus

General Reserve 14,000

Balance in Statement of Profit and Loss (18,000) (4,000)

16. Calculate Total Assets to Debt Ratio:

17% Debentures (to be redeemed after 5 years) -Rs.2,00,000

Plant and Machinery – Rs.1,10,000

Furniture – Rs.50,000

Cash and Cash Equivalents – Rs.35,000

Trade Payables – Rs.50,000

Trade Receivables – Rs.40,000.

17. Calculate Total Assets To Debt Ratio.

Particulars	Amount
Land and Building	1,50,000
Vehicles	60,000
Cash and Cash Equivalents	50,000
Trade Receivables	65,000
Outstanding Expenses	1,000
Reserves & Surplus	
Securities Premium Reserve 5,000	
Balance in Statement of Profit & Loss (4,000)	1,000
Trade Payables	37,000
Bank Loan (5 years)	95,000
8% Debentures (to be redeemed after 2 years)	1,75,000
Share Capital	3,00,000

18. Compute Proprietary Ratio from the following.

Particulars	Amount
Equity Share Capital	5,00,000
Preference Share Capital	2,70,000
Reserves & Surplus	65,000
Trade Payables	1,10,000
Fixed Assets	7,00,000
Non-Current Investments	2,45,000
Current Assets	3,00,000
Debentures	3,00,000

19. Total Assets = Rs.10,00,000, Long Term Borrowings = Rs.5,90,000, Current Liabilities = Rs.1,10,000, Calculate Proprietary Ratio.

20. From the following Calculate Interest Coverage Ratio.

Profit before Interest and Tax = 2,10,000

Rate of Income Tax = 30%

10% Debentures = Rs.10,00,000.

21. From the following compute:

1. Debt to Equity Ratio
2. Total Assets to Debt Ratio
3. Proprietary Ratio.

Items	Amount
Long-Term Borrowings	2,00,000
Long-Term Provisions	1,00,000
Current Liabilities	50,000
Non-Current Liabilities	3,60,000
Current Assets	90,000

22. From the Following compute:

(A) Debt to Equity Ratio (B) Total Assets to Debt Ratio (C) Proprietary Ratio (D) Interest Coverage Ratio.

Long - Term Borrowing (15% Debentures)	1,00,000
Long-Term Provisions	50,000
Current Liabilities	50,000
Non-Current Assets	2,00,000
Current Assets	90,000
Profit before interest and tax	20,500

23. From the following calculate Inventory Turnover Ratio.

Opening Inventory – 20,000
 Closing Inventory – 10,000
 Purchases (Less>Returns) – 60,000
 Direct Expenses – 5,000
 Wages – 2,000
 Indirect Expenses – 10,000
 Revenue from Operations – 1,00,000

24. Following figures have been extracted from S Mills: Inventory at the end of the year Rs.1,50,000, Inventory at the beginning of the year Rs.90,000. Inventory Turnover Ratio is 8 times; Selling Price 25% above cost. Compute the amount of gross profit and Revenue from operations.

25. ABC Enterprises (a partnership business) sells its products on cash as well as credit; the following information has been extracted from its books.

Total Gross Revenue from Operations Rs.2,00,000; Cash revenue from operations Rs.40,000; returns from revenue from operations Rs.14,000; total debtors and Bills Receivables as on March 31, 2012 were Rs.18,000 and Rs.4,000 respectively. On the same date provision for Doubtful Debts were Rs.2,000 and Total Trade Payables were Rs.20,000. Calculate the Trade Receivables Turnover Ratio.

26. From the following Balance Sheet of Nakshtra as at 31st March, 2014 and additional information, calculate Trade Receivables or Debtors Turn over Ratio and Debt Collection Period.

BALANCE SHEET
as at 31st March.2014

Particulars	N.N	Amount
I. EQUITY AND LIABILITES.		
1. Shareholder's Fund		
(A) Share Capital		4,00,000
(B) Reserves and Surplus		2,50,000
2. Non-Current Liabilities		
Lon-term Borrowings		3,00,000
3. Current Liabilities		
(A) Trade Payables		1,50,000
(B) Short-Term Provisions		15,000
Total		11,15,000

Additional Information

1. Revenue from Operations ie. Net Sales being Credit Sales Rs.20,00,000 and cash sales Rs.2,50,000.

2. Trade Receivables in the beginning of the year were Rs.1,00,000.

27. From the following information calculate Trade Payables Turn over Ratio.

Particulars	Amount
Total Revenue From Operations	9,00,000
Total Purchases	7,50,000
Cash purchases	70,000
Cash Revenue From Operations	6,00,000
Purchases Return (out of Credit Purchases)	20,000
Trade Payables (creditors) at the beginning of the year.	1,00,000
Trade Payables (creditors) at the end of the year.	20,000

28. Opening Creditors Rs.1,00,000, Opening Bills Payable Rs.1,50,000, Closing Creditors Rs.2,00,000, Closing Bills Payable Rs.50,000, Purchases Rs.15,00,000, Cash Purchases Rs.5,00,000. Out of Total credit Purchases, purchases return Rs.1,00,000. Calculate Trade Payables Turnover Ratio.

29. From the following data, Calculate Working Capital Turnover Ratio: revenue from operations Rs.76,800, Current Assets Rs.62,400, Net Profit Rs.3,60,000, Current Liabilities Rs.38,400 less than Current Assets, Fixed Assets Rs.60,000

30. Calculate Working Capital Turnover Ratio:

Revenue from Operations	25,00,000
Current Asset	7,60,000
Total Asset	15,60,000
Total Non-Current Liabilities	5,50,000
Share holders fund	4,40,000

31. Operating Profit Rs.80,000, Office and Administrative Expenses Rs.16,000, selling and distribution expenses Rs.32,000, interest on long term debts Rs.16,000, cost of revenue from operations Rs.5,12,000. Calculate gross profit ratio.

32. Average Inventory Rs.14,000, Inventory Turnover Ratio is 5 times, selling price is 125% of the cost. Calculate Gross Profit Ratio.

33. Calculate Operating Ratio:

Opening inventory	30,000
Closing inventory	45,000
Cash Revenue from operations	60,000
Credit revenue from operations	50,000
Returns from Revenue from operations (Return Inward)	10,000
Purchases	75,000
Carriage inward	5,000
Wages & salaries	30,000
Office Expenses	15,000
Selling expenses	17,000

34. Calculate Gross Profit and Operating Profit from the following.

Opening inventory	20,000
Closing inventory	30,000
Gross Profit	29,000
Interest from Securities	4,000
Loss by Theft	13,000
Administration Expenses	9,000
Selling Expenses	12,000
Office Expenses	6,000
Revenue from Operations	70,000

35. Calculate operating profit from the following information:

Revenue from Operations	25,10,000
Return from Revenue Operations	1,10,200
Cost of Revenue from Operations	12,20,000
Wages	1,52,000
Office Administrative expenses	1,25,600
Selling Distribution Expenses	2,25,200
Interest on Loan	58,200
Income from Investment	75,150
Loss by Theft	88,220

36. Calculate Net Profit Ratio from the following details.

Particulars	Amount
Revenue from operations	22,12,120
Returns from Revenue from operations	13,100
Gross Profit	10,91,820
Office Expenses	12,000
Interest Received	2,600
Distribution Expenses	24,000
Interest on Bank Loan	1,200
Loss on sale of Furniture	600

37. From the following calculate:

(A) Net Profit Ratio

(B) Operating Profit Ratio.

Particulars	Amount
Revenue From Operations	4,25,000
Gross Profit	80,000
Office Expenses	15,000
Selling Expenses	28,000
Interest On Debentures	5,000
Accidental losses	25,000
Income from Rent	2,500
Commission Received	1,000

38. From the following details, calculate Return On Investment.

Particulars	Amount
Share Capital	2,50,000
Reserves & Surplus	1,65,000
Debentures (Long Term)	25,000
Profit before interest	1,15,000
Fixed Assets	4,00,000
Current Assets	1,60,000
Current Liabilities	1,20,000

39. From the following information relating to SD Ltd., Calculate Capital Employed Ratio.

Particulars	31.03.2013
Share Capital	10,00,000
Reserves and Surplus	4,00,000
Surplus (Balance in Statement of Profit and Loss)	2,50,000
Securities Premium Reserve	1,00,000
Long Term Borrowings	5,00,000

(10% Debentures)	
Fixed Assets	14,00,000
Current Assets	12,50,000
Current Liabilities	7,50,000

40. From the following information, calculate return on Capital Employed (or investment)

Particulars	Amount
Net Profit after interest and tax	1,80,000
Tax	60,000
Net Fixed Assets	6,00,000
Long current Investment (Trade)	40,000
Current Assets	2,00,000
9% Debentures	5,00,000
Equity Share Capital	1,00,000
10% Preference Share Capital	70,000
Reserves & Surplus	1,00,000
Current Liabilities	70,000

CASH FLOW STATEMENT PROBLEMS

41. From the following Balance Sheets, prepare a Cash Flow Statement as per AS – 3 (Revised).

Particulars	Note.No	31.03.2013	31.03.2012
I. EQUITY AND LIABILITIES			
Share holder's funds			
Share capital		1,00,000	70,000
Reserves and Surplus		37,000	25,000
Current Liabilities			
Trade Payables		19,000	38,000
Total		1,56,000	1,33,000
II. ASSETS			
Non-Current Assets			
Fixed Assets			
Tangible Assets		32,000	24,000
Current Assets			
Inventories		80,000	80,000
Trade receivables		24,000	22,000
Cash and Cash Equivalents		18,500	2,000
Other Current Assets.		1,500	5,000
Total		1,56,000	1,33,000

Notes to Accounts

1. Share Capital		
Equity Share Capital	1,00,000	50,000
10% Preference share capital	-----	20,000
	1,00,000	70,000
2. Reserves and Surplus		
Surplus ie. Balance of Statement of Profit and Loss	37,000	25,000
	37,000	25,000
3. Trade Payables		
Creditors	19,000	38,000
	19,000	38,000
4. Tangible assets		
Machinery	50,000	40,000
Less: Accumulated Depreciation	18,000	16,000
	32,000	24,000
5. Inventories		
Stock	80,000	80,000
6. Trade Receivables		
Debtors	24,000	22,000
7. Cash and Cash Equivalents		
Bank Balance	18,500	2,000
8. Other Current Assets		
Prepaid Expenses.	1,500	5,000

Additional Information

During the year 2012-2013 a part of the machine costing Rs.10,000 (Accumulated Depreciation thereon Rs.4,000) was sold for Rs.5,000

TOOLS OF FINANCIAL STATEMENTS

Particulars	Note.No	31.03.2016	31.03.2015
I. EQUITY AND LIABILITIES			
1. Share holder's funds			
Share capital		4,00,000	3,60,000
Reserves and Surplus		1,00,000	80,000
2. Non-Current Liabilities			
Long Term borrowings		75,000	1,00,000
3. Current Liabilities			
(a) Trade Payables		3,05,000	3,10,000
(b) Short Term Provisions		90,000	70,000
Total		9,70,000	9,20,000
II. ASSETS			
Non-Current Assets:			
Fixed Assets:			
Tangible Assets		3,50,000	2,20,000
Intangible Assets		70,000	80,000
Non-Current Investments		1,10,000	90,000
Current Assets			
Inventories		2,25,000	2,00,000
Trade Receivables		1,90,000	2,00,000

42. From the Balance Sheets of Vishwash Industries Ltd, Prepare a Cash Flow Statement as per AS-3

Cash and cash Equivalents		25,000	1,30,000
Total		9,70,000	9,20,000

Notes to Accounts:

	31.03.2013	31.03.2014
Equity Share Capital	4,00,000	3,60,000
Reserves & Surplus Balance in Statement of Profit and Loss	1,00,000	80,000
Long Term Borrowings Bank Loan	75,000	1,00,000
Trade Payables Creditors	3,05,000	3,10,000
Short Term Provisions Proposed Dividend Income Tax Provision	60,000 30,000	45,000 25,000
	90,000	70,000
Tangible Assets Machinery Less: Accumulated Depreciation	5,00,000 (1,50,000)	3,00,000 (80,000)
	3,50,000	2,20,000
Intangible Assets Goodwill	70,000	80,000

TOOLS OF FINANCIAL STATEMENTS

43. Prepare Comparative Income Statement from the following:

	2012-2013 Rs.	2011-2012 Rs.
Revenue from Operations	12,50,000	10,00,000
Employees Benefit Expenses	6,50,000	5,00,000
Other Expenses	60,000	50,000

Interest on Investments Rs.30,000 and taxes payable @50%

44. Prepare Comparative Statement of Profit and Loss. For the period 2011-2012 and 2012-2013

	2013-02014 Rs.	2012-2013 Rs.
Revenue from Operations	9,00,000	6,00,000
Employees Benefit Expenses	4,50,000	3,60,000
Other Expenses	15% of Employee Benefit Expenses	20% of Employee Benefit Expenses
Income Tax	50%	50%

45. Prepare Comparative Balance Sheet.

Particulars	31.03.2014	31.03.2013
I. EQUITY AND LIABILITIES		
Shareholder's Fund		
Share Capital	6,00,000	5,00,000
Reserves and Surplus	1,20,000	1,10,000
Non- Current Liabilities		
Long Term Borrowings	5,00,000	6,50,000
Current Liabilities		
Short-term Borrowings	4,80,000	3,80,000
Total	17,00,000	16,40,000
II. ASSETS		
Non-current Assets		
Fixed Assets	9,90,000	11,40,000
Current Assets		
Inventories	7,10,000	5,00,000
Total	17,00,000	16,40,000

46. Prepare a Common Size Statement of Profit and Loss from the following statement of Profit and Loss.

Particulars	Amount
Revenue From Operations	50,50,000
Less: Employee Benefit Expenses	42,80,000
Less :Other Expenses	4,12,800
Profit	3,57,200

47. From the following statement of Profit and Loss of ABC prepare a common size statement of Profit and Loss.

Particulars	2012-2013	2013-2014
Revenue From Operations	20,00,000	25,00,000
Other Income	2,50,000	3,25,000
Employee Benefit Expenses	4,50,000	8,25,000
Income Tax	30%	30%

48. Prepare Common Size Balance Sheet of XYZ Ltd. from the following summarized Balance Sheet.

Particulars	31.03.2014	31.03.2013
I. EQUITY AND LIABILITIES		
Shareholder's Fund		
Share Capital	20,00,000	15,00,000
Reserves and Surplus	6,00,000	4,00,000
Non- Current Liabilities	15,50,000	10,50,000
Current Liabilities	8,50,000	4,60,000
Short-term Borrowings		
Total	50,00,000	34,10,000
II. ASSETS		
Non-current Assets	42,00,000	30,00,000
Current Assets	8,00,000	4,10,000
Total	50,00,000	34,10,000

49. Prepare a common size Balance Sheet from financial position of X Ltd. The Balance Sheet of X Ltd and Y Ltd as at 31.03.2014 are given below.

Particulars	31.03.2014 X LTD	31.03.2014 Y LTD
I. EQUITY AND LIABILITIES		
Shareholder's Fund		
Share Capital	15,00,000	10,00,000
Reserves and Surplus	6,00,000	4,00,000
Current Liabilities	3,00,000	2,00,000
Total	24,00,000	16,00,000
II. ASSETS		
Non-current Assets	19,00,000	12,00,000
Current Assets	5,00,000	4,00,000
Total	24,00,000	16,00,000

50. Prepare Comparative Balance Sheet of M/s Balaji Traders from the following

Particulars	31.03.2014	31.03.2013
I. EQUITY AND LIABILITIES		
Shareholder's Fund		
Share Capital	8,00,000	5,00,000
Reserves and Surplus	70,000	40,000
Non-Current Liabilities		
Long Term Borrowings	4,00,000	4,00,000
Total	12,70,000	9,40,000
II. ASSETS		
Non-current Assets		
Fixed Assets	8,60,000	8,00,000
Current Assets		
Trade Receivables	70,000	45,000
Cash and Cash Equivalents.	3,40,000	95,000
Total	12,70,000	9,40,000