

# Chapter 9

## Financial Statements - I

### Section-B: Short Answer Questions for Two Marks:-

1. What do you mean by Closing Entries ?
2. What is Capital Expenditure ?
3. Give two examples of Capital Expenditure.
4. Give the meaning of Gross Profit.
5. State two basic objectives of preparing Financial Statements ?
6. Why do you prepare Trading and Profit and loss Account ?
7. What do you mean by 'Cost of goods sold' ?
8. What is Capital Receipt ?
9. Give two examples of Capital Receipt.
10. What is revenue receipt ?
11. State any two distinction between capital receipts and revenue receipts.
12. State any two distinction between capital expenditure and revenue expenditure.
13. What do you mean by Revenue Expenditure ?
14. What is meant by Marshalling of Assets and Liabilities in the Balance Sheet.
15. State any two differences between Profit & Loss A/c and Balance Sheet.
16. What is Operating Profit ?
17. What is deferred revenue expenditure ?
18. What statements are mainly included in Financial Statements ?
19. Give two examples for deferred revenue expenditure.
20. Give two examples for revenue expenditure.

### Section-C: Six Marks Questions/Short Problems:-

1. Compute cost of goods sold for the year 2016-17 with the help of the following information.

	Rs.
Stock on 1st April, 2015	3,00,000
Stock on 31st March, 2016	4,00,000
Purchases during the year	15,00,000
Sales during the year	20,00,000
Wages	1,20,000

- 2) From the following balances obtained from the records of Mr. Shankar, Prepare the Trading Account for the year ending 31st March 2016.

	Rs.
Opening Stock	2,00,000
Purchases for the year	20,00,000
Sales for the year	35,00,000
Carriage inwards	10,000
Closing stock is valued	5,00,000

- 3) From the following balances of Sri Narayan, prepare Trading Account for the year ended 31-3-2016.

	Rs.		Rs.
Cash purchases	10,000	Credit purchases	2,00,000

Cash sales	1,00,000	Credit Sales	2,20,000
Freight charges	10,000	Carriage inwards	2,000
Import duty	15,000	Stock on 31-3-2016	25,000
Stock 1.4.2015	30,000	Wages	5,000

- 4) Prepare a Trading Account of Naveen from the following information for the year ending March 31, 2016.

	Rs.		Rs.
Opening stock	1,30,000	Factory rent	40,000
Purchases	6,50,000	Dock & clearing charges	95,000
Sales	15,00,000	Freight	15,000
Coal, gas & water	20,000	Closing stock	50,000
Carriage inwards	25,000	Import duty	10,000

- 5) From the following information, calculate Gross Profit and Operating profit for the year ending 31st March 2016.

	Rs.
Opening Stock	1,00,000
Net Sales	24,00,000
Net Purchases	12,00,000
Direct expenses	1,20,000
Operating expenses	2,20,000
Closing Stock	1,40,000

- 6) From the following particulars, prepare a Profit and Loss A/c for the year ending 31st March 2016.

	Rs.		Rs.
Gross Profit	1,20,000	Salaries	20,000
Rents & Taxes	8,000	Insurance premium	2,000
Printing, Stationery & Postage	600	Advertisement	1,400
Office lighting	1,000	Depreciation on fixed asset	1,000
General expenses	600	Discount received	200

- 7) Prepare Profit & Loss A/c of Ramesh for the year ending 31st March 2016.

	Rs.		Rs.
Gross Profit	1,30,000	Salaries	45,000
Rent & taxes	3,000	Printing & Stationery	5,000
Insurance	1,000	Depreciation on fixed assets	6,000
Bad debts	1,500	Discount received	4,500
Audit fees	400	Rent received	1,500

- 8) Prepare a Profit and Loss A/c for the year ending 31-3-2016 of Srinivas.

	Rs.		Rs.
Gross Loss	8,000	Rent received	64,000
General expenses	2,000	Bad debts recovered	3,000

Repairs & renewals	1,000	Salaries	12,000
Audit fees	1,000	Discount allowed	2,000
Depreciation	6,000	Advertisement	4,000

9) Prepare a Balance Sheet of Mr. Narahari as on 31-3-2016.

	Rs.		Rs.
Capital	50,000	Drawings	10,000
Land & Building	20,000	Machinery	20,000
Furniture	10,000	Bills receivable	5,000
Cash in hand	5,000	Bank OD	6,000
Sundry creditors	10,000	Closing stock	11,000
Bank loan	10,000	Net Profit	5,000

10) Prepare a Balance sheet as on 31-3-2016 of Sunil.

	Rs.		Rs.
Capital	14,000	Loan from bank	4,000
Creditors	2,400	Cash in hand	600
Plant & Machinery	7,520	Sundry Debtors	6,700
Drawings	2,000	Closing stock	9,160
Net Profit	5,580	Bank OD	16,000
Loan from Shankar	4,000	Investments	20,000

**PRACTICAL ORIENTED QUESTIONS :-**

1. Prepare Trading A/c with five imaginary figures.
2. Prepare Balance Sheet with five imaginary figures.