

**Second Semester**  
**MID- SEMESTER EXAMINATION**

**B.Tech ( Elective)**  
**March -2019**

**FEC18 Financial Statement Analysis**

**Time: 01:00 Hours**

**Max. Marks:**

**25**

Note: Answer all questions. Assume suitable missing data, if any.

**I. Differentiate: (Word Limit 50) (2x5)**

- 1) Gross profit and Operating profit
- 2) Depreciation and amortization
- 3) Fixed Assets and Current assets
- 4) GAAP and Accounting standards
- 5) Interest and Dividend

**II. Calculate Gross profit, operating profit, Net Profit, Gross profit Margin and Net profit margin for the Raymond Company (a clothing retailer) for the year ending December 31, 2018 given the information below and comment on the performance of the company:**

Advertising expenditures	68,000
Beginning inventory	256,000
Depreciation	78,000
Ending inventory	248,000
Gross Sales	3,210,000
Interest expense	64,000
Lease payments	52,000
Management salaries	240,000
Materials purchases	2,425,000
Returns and allowances	48,000
Taxes	51,000

**(6 marks)**

**P.T.O.**

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### III. MCQs

(1x9)

- 1) Using "lower of cost and net realisable value" for the purpose of inventory valuation is the implementation of which of the following concepts?
  - A) The going concern concept
  - B) The separate entity concept
  - C) The prudence concept
  - D) Matching concept
- 2) The concept of separate entity is applicable to which of following types of businesses?
  - A) Sole proprietorship
  - B) Corporation
  - C) Partnership
  - D) All of them
- 3) The revenue recognition principal dictates that all types of incomes should be recorded or recognized when
  - A) Cash is received
  - B) At the end of accounting period
  - C) When they are earned
  - D) When interest is paid
- 4) The matching concept matches which of the following?
  - A) Asset with liabilities
  - B) Capital with income
  - C) Revenues with expenses
  - D) Expenses with capital
- 5) Which of the following is time span into which the total life of a business is divided for the purpose of preparing financial statements?
  - A) Fiscal year
  - B) Calendar year
  - C) Accounting period
  - D) Accrual period
- 6) Which one of the following could not be classified as Revenue Income?
  - A) Goods sold for cash
  - B) Goods sold on credit
  - C) Income from the sale of services
  - D) Income from the sale of fixed assets
- 7) Which of the following is an item of Cost of goods sold?
  - A) Material expenses
  - B) Advertising expenses
  - C) Managerial Salary
  - D) Lease payments
- 8) In 2013, ABC co. had gross sales of Rs.12,53,400. The company's management reported a Returns and Allowances estimate of Rs.53,400 in 2013. What did ABC co. report as Net sales in 2013?
  - A) Rs.12,00,400
  - B) Rs.12,00,000
  - C) Rs. 12,53,400
  - D) None of these
- 9) Accumulated depreciation on the Bentley, Incorporated 2012 Balance sheet was \$386,000. Accumulated depreciation on the Bentley, Incorporated 2003 Balance sheet was \$454,000. Bentley did not sell any existing fixed assets in 2013. What did Bentley report as depreciation expense on its 2013 Income statement?

P.T.O.

END