

**April/May -2021**  
**B.B.A. Sem-IV**  
**CC:213 Corporate Financial Statements**

Max Marks: 50

- Instructions: (1) All Questions in **Section I** carry equal marks.  
(2) Attempt any **TWO** questions in section I  
(3) Question **5** in **Section II** is **Compulsory**  
(4) Attempt any ten questions in **Section II**

**Section I**

**Q-1A** The Balance sheet of LG Co. Ltd as at 31-12-2019 and 31-12-2020 are as under.

**[10]**

PARTICULAR	31-12-2019	31-12-2020
<b>LIABILITIES</b>		
<b>SHARE CAPITAL</b>		
Eq. Share Capital (Face value Rs.100 each)	14,00,000	20,00,000
<b>RESERVE &amp; PROVISION</b>		
General Reserve	1,80,000	2,30,000
Profit & Loss	44,000	1,76,000
<b>LONG TERM LIABILITIES</b>		
10% Debenture	4,80,000	4,80,000
<b>CURRENT LIABILITIES</b>		
Creditors	1,54,000	1,64,000
Bills Payable	18,000	58,000
Outstanding Expenses	74,000	42,000
	<b>23,50,000</b>	<b>31,50,000</b>
<b>ASSETS</b>		
<b>FIXED ASSETS</b>		
Machinery	12,80,000	20,14,000
<b>CURRENT ASSETS</b>		
Stock	5,60,000	4,40,000
Debtors	1,60,000	2,97,500
Bills Rec.	80,000	70,000
Bank	1,60,000	1,90,000
Prepaid Exp.	90,000	1,18,500
<b>OTHER NON CURRENT ASSETS</b>		
Preliminary Exp.	20,000	20,000
	<b>23,50,000</b>	<b>31,50,000</b>

**Additional information :**

Particular	31-12-2019 Rs.	31-12-2020 Rs.
Sales (Credit sales are three times of cash sales)	12,80,000	19,60,000
Purchase	8,60,000	11,10,000
Office Expenses	1,20,000	1,03,600
Sales & Distribution Expenses	1,28,000	1,08,000

The book value of stock on 1-1-2019 was Rs. 3,80,000 and its market value was Rs. 3,00,000. Assume rate of tax 50%. Find out ratios on the basis of above information:

- (1) Net Profit ratio (2) Operating Ratio (3) Return on capital employed (4) Debtors ratio (360 days)  
(5) Creditors ratio (360 days)

**Q-1B** What is Financial Statement? Discuss its Limitations.

**[10]**

**Q-2A** The following is the Balance Sheet of Neptune Ltd.

[10]

<b>PARTICULAR</b>	<b>2019</b>	<b>2020</b>
<b>LIABILITIES</b>		
<b>SHARE CAPITAL</b>		
Eq. Share of Rs. 100 each	20,00,000	30,00,000
10% Pref. Share Capital;	10,00,000	10,00,000
<b>RESERVE &amp; PROVISION</b>		
General Reserve	8,00,000	6,00,000
Profit & Loss A/C	4,28,000	4,88,000
<b>LONG TERM LIABILITIES</b>		
9% Debenture	6,00,000	8,00,000
<b>CURRENT LIABILITIES</b>		
Creditors	4,40,000	3,20,000
Bills Payable	4,00,000	4,40,000
Outstanding Exp.	80,000	40,000
Prof. for taxation	36,000	48,000
	<b>57,84,000</b>	<b>67,36,000</b>
<b>ASSETS</b>		
<b>INTANGIBLE FIXED ASSETS</b>		
Goodwill	80,000	60,000
<b>TANGIBLE FIXED ASSETS</b>		
Plant & Machinery	28,00,000	32,00,000
Building	14,00,000	16,00,000
<b>INVESTMENT</b>		
10% Investment	4,80,000	4,50,000
<b>CURRENT ASSETS</b>		
Stock	2,40,000	4,80,000
Cash	1,46,000	2,98,000
Debtors	4,00,000	4,60,000
Bills Receivable	1,40,000	1,00,000
<b>OTHER NON CURREN ASSETS</b>		
Preliminary Exp.	98,000	88,000
	<b>57,84,000</b>	<b>67,36,000</b>

**Additional Information:**

- (1) The Company has issued bonus shares to the existing Equity shareholders from general reserve in the proportion of 10:1.
- (2) Building of Rs. 80,000 were sold at a profit and profit has credited to Capital Reserve Account.
- (3) During the year Tax and Dividend were paid Rs. 30,000 and Rs. 24,000 respectively.
- (4) During the year machine worth Rs. 5,00,000 has been sold out at loss of 20%.
- (5) Goodwill has write off against Capital reserve.

From the above-mentioned particulars, prepare Cash Flow Statement as per Accounting Standard-3.

**Q-2B** Difference between cash flow statement and fund flow statement.

[10]

**Q-3A** Prepare Common size statement from the following Balance Sheet

[10]

<b>Particular</b>	<b>31-3-2017 Rs.</b>	<b>31-3-2018 Rs.</b>
<b>ASSETS:</b>		
<b>Fixed Assets</b>		
Land & Building	35,00,000	60,00,000
Plant & Machinery	15,00,000	40,00,000
Furniture	9,00,000	20,00,000
<b>Current Assets</b>		
Cash & Bank	9,00,000	16,00,000
Debtors	12,00,000	20,00,000
Bills Receivable	13,00,000	24,00,000
Stock	7,00,000	20,00,000
<b>TOTAL ASSETS</b>	<b>1,00,00,000</b>	<b>2,00,00,000</b>
<b>LIABILITIES:</b>		
<b>Share Capital</b>		
Equity Share Capital	40,00,000	70,00,000
Preference Share Capital	20,00,000	40,00,000
<b>Reserve &amp; Surplus</b>		
General Reserve	11,00,000	20,00,000
P&L A/c	8,00,000	18,00,000
<b>Current Liabilities</b>		
Provision for Taxation	8,00,000	18,00,000
Bills Payable	7,00,000	12,00,000
Creditors	6,00,000	22,00,000
<b>Total Liabilities</b>	<b>1,00,00,000</b>	<b>2,00,00,000</b>

**Q-3B** The following are the balance in the account of Oriental Ltd. for the year 2020-21. Prepare value added statement and distribution of value added statement. [10]

<b>Particular</b>	<b>Rs.</b>	<b>Particular</b>	<b>Rs.</b>
Sales	38,85,000	Insurance	85,000
Commission on sales	75,000	Rent	49,000
Raw Material Purchase	11,80,000	Managing Directors Remuneration	1,11,000
Op. Stock of raw material	2,45,000	Travelling Expenses	74,000
Cl. Stock of raw material	3,80,000	Advertisement	87,000
Op. stock of finished goods	5,50,000	Postage	56,000
Cl. stock of finished goods	6,80,000	Salaries and Wages	8,98,000
Other material	1,11,000	Contribution to P.F.	3,45,000
Carriage out ward	13,500	Subscription	11,000
Depreciation	1,40,000	Director' Sitting fees	85,000
Income tax provided	3,50,000	Interest on Debenture	64,000
Audit fees	8,500	Dividends to shareholders	1,35,000
Staff Insurance	2,01,000	Retaining earning	71,000

**Q-4A** Write a note on Window dressing and Creative Accounting. [10]

**Q-4B** Write a note on Need for Interim Reporting. [10]

## Section II

**Q-5** Do as Directed: (Any: 10) [10]

- 1 Financial statements are based on
  - (a) Historical cost
  - (b) Current cost
  - (c) Future cost
  - (d) Estimated cost
  
- 2 Which of the following are techniques, tools or methods of analysis and interpretation of financial statements?
  - (a) Ratio Analysis
  - (b) Fund Flow Analysis
  - (c) Trend Analysis
  - (d) All
  
- 3 Comparative statement is called
  - (a) Ratio analysis
  - (b) Horizontal analysis
  - (c) Vertical analysis
  - (d) None of these
  
- 4 If Sales is 3, 20,000 and cost of sales is  $\frac{3}{4}$  of sales , than what is the amount of Gross Profit.
  - (a) Rs. 2,40,000
  - (b) Rs. 1,80,000
  - (c) Rs. 1,00,000
  - (d) Rs. 80,000
  
- 5 Calculate Gearing ratio from the following  
Equity share Capital: 20,000 Equity share of Rs. 10 each  
10% Debenture : Rs. 3,00,000  
12% Preference Share Capital: 1,000 share of Rs. 100 Each.
  - (a) 1:1
  - (b) 2:1
  - (c) 3:1
  - (d) 4:1
  
- 6 Which of the following is not a cash inflow?
  - (a) Decrease in debtors
  - (b) Decrease in creditors
  - (c) Issue of share
  - (d) Sale of fixed assets
  
- 7 Sale of fixed Assets is a part of
  - (a) Operating Activities
  - (b) Investment Activities
  - (c) Financial Activities
  - (d) Budgeting Activities
  
- 8 Sales is taken as base for preparing \_\_\_\_\_.
  - (a) Common Sized Statement
  - (b) Cash Flow Statement
  - (c) Both A & B
  - (d) None
  
- 9 Accounting Standard 17 provides for one of the following:
  - (a) Corporate Governance
  - (b) Accounting for Amalgamation
  - (c) Segment Reporting
  - (d) Accounting for investment

- 10** Creative Accounting is known as \_\_\_\_\_.
- (a) breaking the rules (b) bending the rules  
(c) Strictly following the rules (d) Non of these
- 11** Accounting Standard 25 provides for one of the following:
- (a) Cashflow statement (b) Interim Reporting  
(c) Valuation of inventories (d) Lease
- 12** Interest on borrowing is a part of \_\_\_\_\_ in Statement of Distribution of Value Added.
- (a) To Employee (b) To Government  
(c) To Provider of capital (d) Reinvestment in Business.
- 13** Which statement is prepared in the process of funds flow analysis?
- (a) Cashflow statement (b) Fund flow statement  
(c) Valued Added statement (d) Schedule of changes in working capital.
- 14** XBRL India of formed
- (a) As a Government Corporation (b) Under the Companies Act, 1956  
(c) As a trust under the Indian Trust Act (d) As a partnership with XBRL indentation
- 15** XBRL means
- (a) Extensible Business Reporting Language  
(b) Extensible Business Reporting League  
(c) Extensive Business Remark Language  
(d) Extensive Business Reporting League