



Seat No. : _____

TB-130**B.B.A. Sem.-IV****April-2013****CC 213 – Corporate Financial Statements****Time : 3 Hours]****[Max. Marks : 70**

- Instructions :** (1) Figures to the right indicate marks of each question.
 (2) Show calculations as part of your answer.

1. Following are the Balance Sheets of Saurav Ltd. and Dhairav Ltd. as on 31st March 2012 :

14

Liabilities	Saurav Ltd. (₹)	Dhairav Ltd. (₹)	Assets	Saurav Ltd. (₹)	Dhairav Ltd. (₹)
Equity share capital	1,20,000	1,60,000	Fixed Assets	2,80,000	2,80,000
10% preference share capital	80,000	40,000	Current Assets :		
Reserves	40,000	60,000	Stock	60,400	67,200
8% Debentures	80,000	80,000	Debtors	50,000	90,000
Creditors	32,000	40,000	Cash & Bank	9,600	2,800
Bills Payable	8,000	28,000			
Bank Overdraft	40,000	32,000			
	4,00,000	4,40,000		4,00,000	4,40,000

Additional information :

	Saurav Ltd.	Dhairav Ltd.
	(₹)	(₹)
Total Sales (cash sales are 3/8 th of total sales)	3,20,000	4,32,000
Cost of goods sold	2,30,000	3,36,960
Net profit before interest and tax	64,000	74,800
Tax rate	50%	50%

Calculate for both the companies :

- (1) Current Ratio
- (2) Gross Profit Ratio
- (3) Net Profit Ratio
- (4) Debtors Ratio (360 days to be taken in a year)
- (5) Return on Capital Employed
- (6) Return on Equity Share Capital
- (7) Interest Coverage Ratio

OR

1. (a) Following information is available for Aman Ltd. **8**

Profit after tax	₹ 6,36,000
Preference Dividend	60,000
Proposed Equity Dividend	25%
Share capital :	
32000 equity shares of ₹ 50 each	₹ 16,00,000
10% Preference share capital	₹ 6,00,000
Current market price per share (equity)	₹ 125

Calculate :

- (1) Earnings per share
 - (2) Dividend per share
 - (3) Dividend yield Ratio
 - (4) Price-Earnings Ratio
- (b) Write a note on any **one** of the following : **6**
- (a) Limitations of Ratio Analysis.
 - (b) Techniques of Financial Statement Analysis.

2. The Balance Sheet of Balu Ltd. are as follows :

14

Balance Sheet

Liabilities	2010 (₹)	2011 (₹)	Assets	2010 (₹)	2011 (₹)
Equity Share Capital	1,50,000	2,00,000	Goodwill	57,500	45,000
8% Redeemable Preference share capital	75,000	50,000	Land & Building	1,00,000	85,000
General Reserve	20,000	35,000	Plant	40,000	1,00,000
Profit & Loss A/c.	15,000	24,000	Stock	38,500	54,500
Sundry Creditors	27,500	41,500	Debtors	80,000	1,00,000
Bills Payable	10,000	8,000	Bills Receivable	10,000	15,000
Provision for taxation	20,000	25,000	Cash at Bank	5,000	4,000
Proposed Dividend	21,000	25,000	Cash on Land	7,500	5,000
	3,38,500	4,08,500		3,38,500	4,08,500

Additional information :

- (1) Depreciation of ₹ 5,000 and ₹ 10,000 have been charged on plant and land and building respectively.
- (2) An interim dividend of ₹ 10,000 has been paid in 2011.
- (3) Income-tax of ₹ 17,500 was paid during the year 2011.

Prepare a Cash Flow Statement.

OR

2. (a) Calculate Cash Flow from operating activities from the following Profit & Loss Account :

8

	(₹)		(₹)
Salaries	20,000	Gross profit	50,000
Rent	10,000	Profit on sale of Land & Building	10,000
Depreciation	5,000		
Loss on sale of plant	2,000		
Goodwill written off	5,000		
Proposed Dividend	6,000		
Provision for tax	5,000		
Net profit	7,000		
	60,000		60,000

- (b) Explain the meaning of Fund Flow Statement. Also explain the difference between Fund Flow Statement and Cash Flow Statement. 6

3. (a) The following are the balances in the accounts of a company for the year 2011-12 : 7

Particulars	(₹)	Particulars	(₹)
Turnover	9,20,000	Dividend to shareholders	58,400
Plant & Machinery (Net)	4,32,000	Debtors	78,000
Loss on sale of machinery	30,000	Creditors	50,800
Depreciation on plant & machinery	80,000	Cash at Bank	39,200
Stock of materials (Raw materials, WIP) and finished goods		Auditor's Remuneration	11,200
Opening Stock	64,000		
Closing Stock	80,000	Retained profits (opening balance)	3,97,600
Raw materials purchased	2,50,000	Retained profits for the year	1,15,200
Rent and Rates	66,000	Ordinary share capital issued	6,00,000
Insurance	8,800	Interest on borrowings	16,000
Other expenses	34,000	Income tax for the year	1,10,400
		Wages & Salaries	1,30,800
		Provident Fund	11,200
		Employees State Insurance	14,000

Prepare a Value Added Statement and Statement of Distribution of Value Added of the company for the year 2011-12.

OR

3. (a) Write a detailed note on Value Added Statement. 7
- (b) Convert the following Income Statement into Common size Income Statement : 7

Net sales	9,70,000
Less : Cost of goods sold	4,75,000
Gross profit	4,95,000
Less : Operating expenses :	
Administrative expenses	97,000
Selling & Distribution expenses	1,01,000
Operating Profit	2,97,000
Add : Dividend Received	24,250
	3,21,250
Less : Interest on Debentures	12,125
Profit Before Tax	3,09,125
Less : Tax	1,23,650
Profit After Tax	1,85,475

OR

- (b) Rearrange the following Balance Sheet in vertical form and convert it into Commonsized Balance Sheet : 7

Balance Sheet

Liabilities	(₹)	Assets	(₹)
Share capital	40,000	Fixed Assets	80,000
General Reserve	12,000	Stock	12,000
Profit & Loss A/c.	12,000	Debtors	12,000
10% Debentures	32,000	Cash	16,000
Creditors	16,000		
Bank Overdraft	4,000		
Provision for Taxation	4,000		
	1,20,000		1,20,000

4. (a) Explain any **two** of the following : **5**
- (i) Balance Sheet
 - (ii) Income Statement
 - (iii) Significant Accounting Policies
 - (iv) Auditor's Report
- (b) Explain the qualitative characteristics of Financial Reporting Information. **5**

OR

What is Window Dressing ? How is it reflected in the Annual Reports ?

- (c) Explain any **one** of the following : **4**
- (i) Segment Reporting
 - (ii) Corporate Governance
5. Do as directed : **14**
- (1) Which of the following are the techniques of Financial Statement Analysis ?
- (a) Horizontal Analysis
 - (b) Trend Analysis
 - (c) Vertical Analysis
 - (d) All of the above
- (2) Purchase of machinery is a _____ activity. (Investing / Financing / Operating)
- (3) Depreciation is a non-cash expense. (True / False)
- (4) Change in current assets is adjusted in cash flow from operating activities. (True / False)
- (5) In Commonsize Statement _____ is assumed as 100%. (Gross Sales / Net Sales).
- (6) XBRL stands for _____. (Extensible Business Reporting Language / Extensible Business Research Language)
- (7) Define Interim Reporting.
- (8) Net worth means _____. (Shareholder's Funds / Capital Employed)

- (9) Price Earnings Ratio = _____/Earnings per share.
- (10) Liquid liabilities = Current liabilities – Bank overdraft. (True / False)
- (11) One of the reasons responsible for increase in Gross Profit is _____.
(undervaluation / overvaluation of closing stock)
- (12) A very high current ratio will decrease profitability. (True / False).
- (13) A low inventory turnover ratio indicates
- (a) Investment tied up in stock
 - (b) Obsolete goods on hand
 - (c) Adverse liquidity
 - (d) All of the above
- (14) Proprietary Ratio is proportion between
- (a) Proprietary Funds and Equity Capital
 - (b) Proprietary Fund and Sales
 - (c) Proprietor's Fund and Total Assets
 - (d) None of the above
-

