

Gujarat University Examination

April 2021

Time: 2 Hours

S.Y BBA Semester – 4

Total Marks: 50

Subject: CC-213 Corporate Financial Statements

Instructions: All Questions in Section – I carry equal marks
Attempt any Two questions in Section – I
Question V in Section – II is Compulsory

Section I

(Attempt Any 2)

Q1. A) Following is the Balance Sheet of Vaccine Ltd as on 31-3-2021 (10)

Liabilities	Amt (₹)	Assets	Amt (₹)
Equity Share capital	4,00,000	Land and Building	2,55,000
General Reserve	2,00,000	Machinery	1,30,000
Profit and loss A/c	1,70,000	Stock	4,45,000
8% Debentures	2,50,000	Debtors	2,00,000
Creditors	1,00,000	Prepaid expenses	1,10,000
Bills payable	80,000	Bills receivable	50,000
Bank overdraft	40,000	Cash balance	20,000
Outstanding expenses	10,000	Bank balance	40,000
	12,50,000		12,50,000

Additional information:

1. Total Sales is ₹ 12,50,000.
2. Net Profit (Before Interest and Tax) is ₹ 2,50,000
3. Rate of Taxation is 50%.

From the following information calculate the following Ratios:

1. Current ratio
2. Liquid ratio
3. Rate of return on Capital Employed
4. Net profit ratio

Q1. B) Define Financial Statements and explain any Five characteristics of Financial Statements. (10)

Q2. A) Following are the Balance Sheet of Distancing Ltd. as on 31st March 2020 and 2021. (10)

Liabilities	31-3-2020	31-3-2021	Assets	31-3-2020	31-3-2021
Equity Share Capital (Each share of ₹ 10)	1,00,000	1,50,000	Fixed Assets	1,30,000	2,23,000
General Reserve	60,000	20,000	Investment	15,000	12,000
Profit and Loss Account	10,000	12,000	Stock	10,000	15,000
10% Debenture	-	50,000	Sundry Debtors	55,000	35,000
Sundry creditors	45,000	51,000	Cash and Bank	12,000	9,000
Provision for taxation	15,000	17,000	Preliminary expenses	8,000	6,000
	2,30,000	3,00,000		2,30,000	3,00,000

Additional information:

1. Income tax ₹ 14,000 was paid during the year
2. Interim dividend ₹ 9,000 was paid during the year
3. Depreciation of ₹ 5,000 was provided on Fixed Assets

From the above information prepare Cash Flow Statement.

Q2. B) State the Difference between Cash Flow Statement and Fund Flow statement. (10)

Q3. A) The following figures for a period were available from the books of Hand Wash Ltd: (10)

Particulars	Amt (₹)	Particulars	Amt (₹)
Sales	24,60,000	Advertisement	46,000
Purchase of Raw Material	10,00,000	Postage and telegram	14,000
Consumable stores	35,000	Subscription paid	2,000
Stationery	10,000	Carriage outward	22,000
Audit fees	30,000	Rent, Rates and Taxes	16,000
Fuel and Oil	9,000	Material used in repairs of Plant	34,000
Electricity	5,000		

From the above information prepare:

- Statement of Value Added

Q3. B) Give meaning of Value added and explain its utilities. (10)

Q4. A) Explain any five Qualitative Characteristics of Corporate Reporting information. (10)

Q4. B) Explain how Window Dressing is different from Creative Accounting. (10)

Section II

(Attempt Any 10)

Q5. Multiple Choice Questions:

(10)

1. Sales of Rajkot Ltd. during the year is ₹ 8,50,000, Gross Profit is ₹ 40,000. Calculate Gross Profit ratio.
 - a. 5 %
 - b. 4.70 %
 - c. 6.53 %
 - d. 5.23 %
2. Which of the following is an example of Liquidity Ratio?
 - a. Debt equity ratio
 - b. Net profit ratio
 - c. Stock turnover ratio
 - d. Current ratio
3. Return on Shareholders Fund = Profit after tax / ____?
 - a. Equity share Capital
 - b. Shareholders fund
 - c. Number of Equity Shares
 - d. None of the above
4. Expense ratio = ____ /Sales X 100?
 - a. Expenses
 - b. Capital Employed
 - c. Gross Profit
 - d. Current Assets
5. While calculating Liquidity Ratio, which asset is excluded from Current Assets?
 - a. Bank balance
 - b. Stock in trade
 - c. Debtors
 - d. Bills Receivable
6. Increase in Current Liabilities is ____.
 - a. Added in Operating Activity
 - b. Deducted in Operating Activity
 - c. Added in Investing Activity
 - d. Added in Financial Activity
7. Sale of Investment is shown in which activity of Cash Flow Statement?
 - a. Operating Activity
 - b. Financing Activity
 - c. Investing Activity
 - d. None of the above
8. Cash flow statement is prepared as per AS ____?
 - a. 8
 - b. 10
 - c. 14
 - d. 3
9. Staff Welfare Expenses is shown under which head in Statement of Distribution of Value added?
 - a. To Employees
 - b. To Government
 - c. To provider of Capital
 - d. To Re-Investment in Business

10. Depreciation is shown under which head in Statement of Distribution of Value added?
 - a. To Employees
 - b. To Government
 - c. To provider of Capital
 - d. To Re-Investment in Business
11. The grouping of items covered under XBRL Taxonomy is classified as:
 - a. Expenses and Incomes
 - b. Assets and Liabilities
 - c. Statement of Annual Reports
 - d. ID Makers
12. Auditor is appointed by _____ of the company.
 - a. Shareholders
 - b. Investors
 - c. Board of Directors
 - d. Creditors
13. Full form of XBRL is _____?
 - a. Extensible Business Reporting Language
 - b. Extensive Business Reporting Language
 - c. Extensive Business Remark Language
 - d. Extensive Business Reporting Letter.
14. The term “Bending the Law” is associated with which of the following concepts?
 - a. Creative Accounting
 - b. Window Dressing
 - c. Audit
 - d. None of the above
15. Which of the following statements is not useful for analysis and interpretation?
 - a. Common Sized Statements
 - b. Statement of Assets Purchased during the year
 - c. Fund Flow Analysis
 - d. Cash Flow Analysis

END