

Seat No. : _____

AD-101

April-2019

BBA, Sem.-IV

CC-213 : Corporate Financial Statements

Time : 2:30 Hours]

[Max. Marks : 70

1. (A) The B/S of Samrat Ltd. is for the year ending on 31-3-2017 and 31-3-2018 is as follows :

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Liabilities	2017 (₹)	2018 (₹)	Assets	2017 (₹)	2018 (₹)
Equity Share capital	3,00,000	4,00,000	Land and Building	4,00,000	5,00,000
10% Preference Shares	2,00,000	1,00,000	Machinery	2,00,000	1,50,000
Reserves	1,00,000	1,50,000	Furniture	1,00,000	50,000
10% Debenture	2,00,000	2,00,000	Debtors	1,25,000	2,25,000
Bank O/D	1,00,000	80,000	Stock	1,51,000	1,68,000
Creditors	80,000	1,00,000	Cash	24,000	7,000
Bills Payable	20,000	70,000			
	10,00,000	11,00,000		10,00,000	11,00,000

Additional information :

Particulars	2017 (₹)	2018 (₹)
Total Sales [Cash sales are 60% of credit sale]	8,00,000	10,80,000
Gross Profit	2,25,000	2,37,600
Net Profit [Before 50 % tax]	1,40,000	1,67,000

From the following information calculate the following Ratios :

- (1) Gross Profit Ratio
- (2) Net Profit Ratio
- (3) Stock Turnover ratio
- (4) Debtors Ratio (Taking 360 days in a year)
- (5) Rate of return on Capital Employed
- (6) Rate of return on Equity Share Capital.

OR

- (B) (1) Explain in brief characteristics of Financial Statements. 7
 (2) Explain in brief Limitations of Ratio Analysis. 7
- (C) Choose the correct answer from the following : (Any **four**) 4
- (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 × 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

2. (A) Following are the summarized Balance Sheet of Archana Ltd. as on 31st March, 2017 and 2018 :

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Liabilities	31-3-2017	31-3-2018	Assets	31-3-2017	31-3-2018
Equity share capital (Each share of ₹ 10)	4,00,000	6,00,000	Goodwill	1,20,000	1,12,000
General Reserve	2,40,000	80,000	Building	2,40,000	4,00,000
Profit and Loss Account	40,000	48,000	Plant	1,60,000	3,80,000
10% Debenture	—	2,00,000	Investment	60,000	48,000
Bills Payable	80,000	80,000	Stock	64,000	1,00,000
Sundry Creditors	1,00,000	1,24,000	Debtors	1,96,000	84,000
Provision for taxation	60,000	68,000	Cash and Bank	48,000	52,000
			Preliminary Expenses	32,000	24,000
	9,20,000	12,00,000		9,20,000	12,00,000

Additional information :

- (1) On 1-4-2017 Bonus Shares at one Share for every two Shares were issued by capitalizing General Reserve.
 - (2) Income tax ₹ 56,000 was paid during the year.
 - (3) Interim dividend ₹ 32,000 was paid during the year.
 - (4) Depreciation charged ₹ 24,000 on Building and ₹ 16,000 on Plant.
 - (5) A plant having book value of ₹ 40,000 was sold at a profit of ₹ 4,000.
 - (6) During the year Debentures were issued at 5% Discount.
- From the above information prepare Cash Flow Statement.

OR

- (B) (1) Explain the difference between Cash Flow Statement and Fund Flow statement. 7
- (2) Explain utilities of Cash Flow Statement. 7
- (C) Choose the correct answer from the following : (Any **four**) 4
- (1) 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
- (2) Dividend paid of the last year is shown in which Activity of Cash Flow Statement ?
- (a) Operating Activity
 - (b) Financing Activity
 - (c) Investing Activity
 - (d) None of the above
- (3) 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
- (4) Which of the following items is not a Cash Inflow ?
- (a) Borrowing or incurring any liability
 - (b) Sale of fixed assets or investment
 - (c) Earning operating profit
 - (d) Repayment of loans and debentures
- (5) Cash flow statement is prepared as per AS _____
- (a) 8
 - (b) 10
 - (c) 14
 - (d) 3

3. (A) The following figures for a period were available from the books of Kutch Ltd. : 14

Particulars	Amt (₹)	Particulars	Amt (₹)
Sales	24,60,000	Advertisement	46,000
Purchase of Raw Material	10,00,000	Salaries and Wages	6,30,000
Consumable stores	35,000	Postage and telegram	14,000
Stationery	10,000	PF Contribution	60,000
Audit fees	30,000	Director's sitting Fees and Traveling Exp.	40,000
Staff welfare expenses	1,58,000	Subscription paid	2,000
Rent, Rates and Taxes	16,000	Carriage outward	22,000
Directors Remuneration	84,000	Interest on loan taken	18,000
Fuel and Oil	9,000	Dividend to shareholders	30,000
Electricity	5,000	Depreciation provided	55,000
Material used in repairs of Plant	34,000	Income tax provided	1,00,000
		Profit and Loss A/c. (Retained Earnings)	1,25,000
		Opening stock :	
		Raw Material	85,000
		Finished Goods	2,00,000
		Closing Stock :	
		Raw Material	1,08,000
		Finished Stock	2,40,000

From the Following prepare :

- Statement of Value Added
- Statement of Distribution of Value Added

OR

- (B) (1) From the following Balance Sheet of Ahmedabad Ltd. as on 31-3-2018, prepare Common Size Balance Sheet.

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Particulars	Amt (₹)
I. Equities and Liabilities	
(1) Shareholder's Funds	
(a) Share Capital	2,94,500
(b) Reserves and Surplus	2,13,400
(2) Non-Current Liabilities	
(a) Secured Loans	52,500
(b) Unsecured Loans	40,000
(3) Current Liabilities	
(a) Creditors	40,000
(b) Bills Payable	40,500
Total	6,80,900
II. Assets	
(1) Non-Current Assets	
(a) Land and Building	3,06,300
(b) Investments	1,85,700
(2) Current Assets	
(a) Stock	95,400
(b) Sundry Debtors	62,700
(c) Cash and Bank	10,800
(d) Other Current Assets	18,000
(e) Loans and Advances	2,000
Total	6,80,900

- (2) Define Value added. Describe its utilities in brief.

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(C) Choose the correct answer from the following : (Any **three**) **3**

(1) 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

(2) 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

(3) 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.

(4) The XBRL taxonomy for Commercial and Industrial undertakings developed by ICAI are adopted by ?

- (a) Reserve Bank of India
(b) Securities and Exchange Board of India
(c) Ministry of Company Affairs
(d) Ministry of Finance

4. (A) Explain in detail Qualitative Characteristics of Corporate Reporting information. **14**

OR

(B) (1) Explain how Window Dressing is different from Creative Accounting. **7**

(2) Write a short note on “Directors Report”. **7**

(C) Choose the correct answer from the following : (Any **three**) **3**

(1) Forensic Accounting detects _____.

- (a) Financial Frauds (b) Non-Financial Frauds
(c) Both (a) and (b) (d) None of the above

- (2) 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
- (3) Auditor is appointed by _____ of the company.
- (a) Shareholders
 - (b) Investors
 - (c) Board of Directors
 - (d) Creditors
- (4) 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
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