

W/26

0501N1470

Candidate's Seat No : _____

PGFA Sem.-1 Examination

PGFA-101

Financial Reporting & Statement Analysis

January-2024

Time : 2-30 Hours]

[Max. Marks : 70

Question:1

[14 Marks]

Write short note on users of corporate financial reports.

Question: 2

[14 Marks]

Explain Accounting Standard 10 with respect to accounting for fixed assets.

OR

The following are Balance Sheets of Mohan Ltd. as on 31/3/2021 and 31/3/2022:

Liabilities	31/3/2021	31/3/2022	Assets	31/3/2021	31/3/2022
Equity shares of Rs. 10 each	6,00,000	10,50,000	Goodwill	1,50,000	1,41,000
General reserve	4,20,000	2,70,000	Land and building	6,15,000	4,20,000
Capital reserve	-----	30,000	Plant and Machinery	1,80,000	3,90,000
Profit & Loss Account	1,80,000	2,25,000	Investments	60,000	1,50,000
15% Debentures	-----	3,00,000	Stock	2,10,000	5,25,000
Bills payable	1,20,000	54,000	Debtors	2,40,000	4,74,000
Proposed dividend	1,05,000	1,50,000	Bills receivable	39,000	1,26,000
Provision for Taxation	1,20,000	1,38,000	Bank & Cash	1,80,000	1,68,000
Staff Pension Fund	15,000	30,000	Preliminary Expense	21,000	15,000
Creditors	1,35,000	1,80,000	Debenture Discount	-----	18,000
	16,95,000	24,27,000		16,95,000	24,27,000

Additional information:

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1. Land and building having original cost of Rs. 2,10,000 and written down value of Rs. 1,50,000 have been sold for Rs. 2,40,000. Out of the profit on sale of capital profit has been transferred to capital reserve and the revenue profit has been credited to Profit and Loss Account.
2. Machinery costing Rs. 2,55,000 was purchased during the year.
3. Debentures were issued at 10% discount.
4. The company issued Bonus Shares to the existing shareholders by capitalizing required sum from General Reserve in the proportion of 5:2.
5. Paid Proposed Dividend of last year and also paid Interim Dividend of Rs. 36,000.
6. Paid Rs. 1,08,000 as Tax for the last year.

From the above particulars, prepare Cash Flow Statement as per Accounting Standard 3. (Show necessary working as a part of your answer.)

Question: 3

[14 Marks]

Explain advantages and disadvantages of Ratio Analysis.

OR

From the following particulars relating to Parth Ltd. prepare a Balance Sheet as on 31st March, 2023:

1.	Fixed Assets/ Turnover(sales) Ratio	1:2
2.	Debt collection period (on sales)	2 Months
3.	Gross profit	25% on sales
4.	Consumption of raw materials	40% of cost of sales
5.	Stock of raw materials	4 months consumption
6.	Stock of finished goods	20% of cost of sales
7.	Fixed assets to current assets	1:1
8.	Current ratio	2:1
9.	Long term loan to current liabilities	1:3
10	Capital to reserves	5:2
11	Value of fixed assets	21,00,000

Note: show your working notes clearly.

Question:4

[14 Marks]

Explain Comparative Financial Statements.

OR

The Balance Sheets of Keyur Ltd. on 31/3/2022 and on 31/3/2023 are as under:

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Liabilities	31/3/2022	31/3/2023	Assets	31/3/2022	31/3/2023
Equity share capital	8,00,000	10,00,000	Land & Building	4,00,000	7,00,000
Preference share capital	2,00,000	4,00,000	Machinery	3,00,000	5,00,000
General reserve	2,00,000	3,00,000	Furniture	1,00,000	3,00,000
Profit & Loss Account	1,00,000	2,00,000	Investment	3,00,000	3,00,000
10% Debenture	2,00,000	2,00,000		5,00,000	4,00,000
			Debtors		
Creditors	3,00,000	4,00,000	Stock	3,00,000	3,50,000
Unpaid expenses	2,00,000	1,00,000	Cash	1,00,000	50,000
	20,00,000	26,00,000		20,00,000	26,00,000

Prepare

1. comparative balance sheet in vertical form.
2. Common size statement in vertical form.

Question:5 [1 to 10 each one mark]

[14 Marks]

[11 to 12 each two marks]

Do as directed:

1. AS 2 deals with following
 - a. Stock valuation
 - b. Revenue recognition
 - c. Depreciation
 - d. Fixed assets
2. Give any two differences between cashflow statement and fund flow statement.
3. Define US GAAP.
4. Which of the following items is not a cash inflow?
 - a. Repayment of loans and debentures
 - b. Sale of fixed assets or investment
 - c. Earning operating profit
 - d. Borrowing or incurring any liabilities
5. Which one of the following is not cash equivalent as per AS-3

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- a. Long term investment
 - b. Short term investment
 - c. Bank balance
 - d. None of above
6. The excess of current assets over current liabilities is called:
- a. Shareholder's fund
 - b. Net liability
 - c. Working capital
 - d. Net fixed assets
7. Calculate Gearing Ratio from the following information.
- Equity shares capital: 40,000 equity shares of Rs. 10 each.
- 15% Debenture: Rs. 6,00,000
- 12% Preference Share Capital: 2000 shares of Rs. 100 each.
- a. 1
 - b. 5
 - c. 2
8. Explain any one function of Accounting Standard Board (ASB).
9. Give one benefit of convergence of Indian Accounting Standards with Global standards.
10. Give one difference between Accounting Standard and IFRS.
11. The balance of depreciation on machine on 3/03/2018 was Rs. 1,40,000 and on 31/03/2019 was Rs. 1,50,000. During the year, a machine costing Rs. 50,000 accumulated depreciations thereon being Rs. 30,000 was sold for Rs. 10,000. Find the amount of depreciation charged to profit and loss account.
12. Calculate EPS from the following details:
- | | |
|---------------------------|--------------|
| Equity share capital | Rs. 2,00,000 |
| Face value per share | Rs. 10 |
| Profit after tax | Rs. 50,000 |
| Rate of income tax | 30% |
| Preference share dividend | Rs. 10,000 |