

2020

**FINANCIAL REPORTING AND FINANCIAL
STATEMENT ANALYSIS — HONOURS**

Paper : DSE 6.1A

Full Marks : 80

The figures in the margin indicate full marks.

*Candidates are required to give their answers in their own words
as far as practicable.*

Group - A

Answer *any two* questions. 15×2

1. What are included in a complete set of financial statements as per Ind AS 1? 15
2. Briefly describe different concepts of fund. 15
3. Given, Current ratio = 2.8; Quick ratio = 1.9; Stock turnover (on sales) = 3 months and Sales = ₹ 36,00,000. Find the value of current assets and current liabilities assuming no overdraft and prepayments. 15
4. From the following information, prepare a comparative income statement :

Particulars	31.03.2019 (₹)	31.03.2020 (₹)	
Revenue from operations (Sales)	3,75,000	5,25,000	
Other Income	20,000	30,000	
Cost of Goods sold	3,00,000	3,90,000	
Administration Expenses	1,25,000	15,000	
Selling and Distribution Expenses	10,000	15,000	
Income Tax	30%	30%	15

Group - B

Answer *any two* questions. 25×2

5. (a) Differentiate between Traditional and Modern Approaches to financial statement analysis.

Please Turn Over

- (b) From the trend percentages supplied below, prepare a comparative statement of Current Assets in absolute value taking 2016 as the base year.

Trend Percentage			Corresponding Value of Current Assets		
2017	2018	2019	2019 (₹)		
120	130	150	7200	—	Cash at Bank
130	140	200	13600	—	Debtors
160	220	250	8000	—	Finished Goods
175	250	300	9000	—	W.I.P.
110	150	175	3500	—	Raw Materials

12+13

6. From the Balance Sheets of H. Ltd. and S. Ltd. and the Notes as at 31.03.2020, following balances and information are available :

Particulars	H. Ltd. (₹)	S. Ltd. (₹)
Equity Share Capital (₹ 10 each fully paid)	8,00,000	3,00,000
General Reserve	2,00,000	80,000
Trade Payables	2,80,000	70,000
Balance of Profit and Loss Statement	2,50,000	1,00,000
Land and Building	6,00,000	3,20,000
Plant and Machinery	4,00,000	1,00,000
Investments (24,000 shares in S. Ltd.)	2,80,000	—
Trade Receivables	1,60,000	80,000
Stock	60,000	40,000
Cash and Bank	30,000	10,000

Additional information :

- (a) H. Ltd. acquired 24,000 Equity Shares of S. Ltd. on 01.04.2019 at a cost of ₹ 2,80,000 and immediately after acquisition, H. Ltd. received dividend from S. Ltd. on equity shares @ 20% for the year 2018-19 and credited the amount to its Profit and Loss A/c.
- (b) On 01.04.2019 S. Ltd. had ₹ 50,000 in General Reserve and ₹ 80,000 in Profit and Loss statement.
- (c) Goods were sold by H. Ltd. to S. Ltd. at cost plus 25% and stock of S. Ltd. includes ₹ 10,000 of such goods.

You are required to prepare the Consolidated Balance Sheet of H. Ltd. with its subsidiary S. Ltd. as at 31.03.2020.

7. Given below is the summary of assets and liabilities of Speed Ltd. as at 31.03.2019 and 31.03.2020 (in ₹) :

Liabilities and Equities	31.03.2019 (₹)	31.03.2020 (₹)
Equity Share Capital (₹ 10 each fully paid)	4,00,000	4,80,000
Balance of Statement of Profit and Loss	3,00,000	3,90,000
Long-term Borrowing	3,80,000	3,40,000
Trade Payables	1,70,000	1,25,000
Provision for Tax	50,000	55,000
TOTAL	13,00,000	13,90,000

Assets	31.03.2019 (₹)	31.03.2020 (₹)
Plant, Property and Equipment : Tangible	7,00,000	8,00,000
Stock in trade	2,20,000	1,40,000
Trade Receivables	2,30,000	2,80,000
Cash and Bank	1,50,000	1,70,000
TOTAL	13,00,000	13,90,000

Additional information :

- (a) Tangible asset costing ₹ 1,00,000 (accumulated depreciation ₹ 70,000) was sold for ₹ 42,000 and the profit or loss transferred to Profit and Loss A/c. Depreciation charged during the year on tangible assets was ₹ 1,10,000.
- (b) Income tax and Dividend paid during the year were ₹ 58,000 and ₹ 66,000 respectively.

You are required to prepare the Fund Flow Statement of Speed Ltd. for the year ended 31.03.2020.

8. From the following information of a company, prepare a Cash Flow Statement as per AS 3 for the year ending on 31.03.2019.

Particulars	31.03.2018 (₹)	31.03.2019 (₹)
I. Equity and Liabilities :		
1. Shareholders' Fund		
(a) Share Capital (Equity Shares of ₹ 100 each)	15,00,000	15,00,000
(b) Reserve and Surplus (Statement of Profit and Loss)	13,00,000	15,00,000
2. Current Liabilities	10,00,000	6,00,000
	38,00,000	36,00,000
II. Assets :		
1. Non-current Assets		
Property, Plant and Equipment	15,00,000	18,00,000
2. Current Assets		
Inventories	6,00,000	3,00,000
Trade Receivables	15,00,000	10,00,000
Cash and Cash equivalents	2,00,000	5,00,000
	38,00,000	36,00,000

Additional information :

- (a) During the year the company paid ₹ 2,00,000 as dividend.
 (b) During the year one plant, whose book value was ₹ 1,00,000 was sold at a loss of ₹ 25,000 and the company purchased plant for ₹ 6,00,000. 12+7+6

9. From the following information, prepare a Statement of Proprietors' Fund with as many details as possible:

- GP ratio = 25%
- Current ratio = 1.5
- Stock to Current Liabilities = 1/2
- Stock turnover ratio (based on cost) = 73 days [assume, 1 year = 365 days]
- Fixed assets to Net worth = 0.80
- Debtors turnover = 4 times
- Gross profit = ₹ 3,00,000
- Reserve to Share Capital = 1/3 25

10. (a) What do you mean by financial statement analysis? Discuss three objectives of financial statement analysis.

- (b) State the limitations of ratio analysis. 13+12