

**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 :

| <b>Particulars</b>                | 31.03.2019<br>( ₹ ) | 31.03.2020<br>( ₹ ) |    |
|-----------------------------------|---------------------|---------------------|----|
| 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.<br>(₹) | S. Ltd.<br>(₹) |
|---|----------------|----------------|
| 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<br>(₹) | 31.03.2020<br>(₹) |
|---|-------------------|-------------------|
| 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            |
| <b>TOTAL</b>                                | <b>13,00,000</b>  | <b>13,90,000</b>  |

  

| Assets                                   | 31.03.2019<br>(₹) | 31.03.2020<br>(₹) |
|--|-------------------|-------------------|
| 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          |
| <b>TOTAL</b>                             | <b>13,00,000</b>  | <b>13,90,000</b>  |

*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<br>( ₹ ) | 31.03.2019<br>( ₹ ) |
|---|---------------------|---------------------|
| 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<br>(Statement of Profit and Loss) | 13,00,000           | 15,00,000           |
| 2. Current Liabilities                                    | 10,00,000           | 6,00,000            |
|   | <b>38,00,000</b>    | <b>36,00,000</b>    |
| 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            |
|   | <b>38,00,000</b>    | <b>36,00,000</b>    |

*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