

2021

**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 four* questions.

1. From the following data relating to two companies, prepare Common Size Income Statements for the year ended 31-03-2021 and state which of the companies is having (i) relatively lower 'cost of goods sold' and (ii) relatively lower 'cash operating expenses'. 8+2

(figures are in '000 ₹)

	Sika Ltd.	Zika Ltd.
Sales	16,000	9,500
Other income	300	200
Total (A)	16,300	9,700
Cost of goods sold	11,520	6,500
Cash operating expenses	2,400	1,700
Total (B)	13,920	8,200
EBDIT [C=(A-B)]	2,380	1,500

2. Following particulars are made available to you: 7+3
- EBIT for the year 2020-21 ₹ 92,000 and Rate of Income Tax 25%
  - 12% Debenture ₹ 1,00,000
  - Share Capital on 31.03.2021:  
10% Cumulative Preference Shares of ₹ 80,000 and  
10,000 Equity Shares of ₹ 10 each fully paid

Calculate EPS when—

- (a) No equity shares were issued during the year  
(b) 2,400 equity shares were issued on 30-11-2020.

**Please Turn Over**

3. Complete the following statement showing increase or decrease in working capital:

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Balance of Current Assets & Current Liabilities	31.3.2020	31.3.2021	Effect on Working Capital
	₹	₹	₹
Inventory	50,000	?	8,000 (increase)
Trade receivable	?	28,600	7,900 (decrease)
Prepaid expenses	?	3,900	3,600 (increase)
Advance to suppliers	12,000	?	2,700 (increase)
Cash & Bank	21,700	18,300	?
Trade Payables	?	15,300	2,700 (increase)
Outstanding expenses	4,900	?	400 (decrease)
Advance from Customers	7,600	Nil	?
<b>Working Capital</b>	?	?	—

4. What do you mean by financial statement analysis? Why such analysis is required? Mention five parties who are interested in such analysis. 2+3+5

5. Calculate the average collection period from following details taking 365 days in a year: 10

Average inventory ₹ 2,73,750

Balance of Receivables: Opening ₹ 2,80,000 and Closing ₹ 3,04,000

Inventory turnover ratio (based on cost) = 2 months

G.P Ratio = 10% and Credit sales to Total sales = 80%.

6. What do you mean by accounting ratio? What are its limitations? 3+7

7. Find the sales of the base year and other missing data from the following figures of Zap Ltd. 10

Year	2016	2017	2018	2019	2020
Sales (₹ '000)	47,200	?	63,200	72,800	?
Trend (%)	118	134	?	?	213

8. (a) State the assets to which Ind AS16: Property, Plant and Equipment does not apply.

(b) What are the conditions need to be satisfied in order to recognise the cost of an item of property, plant and equipment as an asset?

(c) Define carrying amount and depreciable amount as per Ind AS 16.

4+2+4

**Group-B**Answer *any two* questions.

9. Following are the liabilities and assets of Amrapali Ltd. as on 31.03.2020 and 31.03.2021:

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	31-3-20 (₹)	31-3-21 (₹)
<b>I. Equity and Liability:</b>		
1. Shareholders' Fund:		
(a) Equity share ₹ 10 each fully paid	8,00,000	10,00,000
(b) Reserves and Surplus:		
Securities Premium	1,00,000	1,20,000
General Reserve	3,60,000	4,40,000
Profit and Loss balance	2,20,000	2,96,000
2. Non-Current Liabilities:		
Bank Loan	4,20,000	4,60,000
3. Current Liabilities:		
Trade Payable	1,66,000	2,16,000
Provision for tax	2,00,000	2,10,000
Total	22,66,000	27,42,000
<b>II. Assets:</b>		
1. Non-current Assets:		
(a) PPE: Tangible	17,00,000	20,60,000
(b) Non-current Investment	96,000	1,24,000
2. Current Assets:		
Inventory	2,40,000	2,30,000
Trade Receivables	1,60,000	2,40,000
Cash & Cash equivalents	70,000	88,000
Total	22,66,000	27,42,000

Additional information:

- Dividend paid during the year ₹ 75,000
- The company sold part of the fixed assets for ₹ 24,000 (WDV ₹ 20,000). Depreciation charged on fixed assets during the year ₹ 1,40,000
- Interest on Bank Loan accrued and paid during the year ₹ 24,000
- Income tax provided during the year ₹ 1,98,000.

You are required to prepare the cash flow statement of Amrapali Ltd. for the year ended 31-03-2021.

10. From the following information of Mr. Talapatra, prepare a Trading A/c, Profit & Loss A/c for the year ended on 31.12.20 and a Balance Sheet as on 31.12.20: 6+6+8

Gross Profit Ratio	$33\frac{1}{3}\%$
Net Profit	25% of turnover
Stock Turnover Ratio	10 times
Current Liabilities/External Liabilities	$\frac{1}{4}$
Fixed Assets/Closing Capital	$\frac{5}{4}$
Closing Capital/External Liabilities	$\frac{1}{2}$
Fixed Assets/Current Assets	$\frac{5}{7}$
Fixed Assets	₹ 40,00,000

Closing stock is ₹ 4,40,000 which is 10% more than the opening stock.

11. From the Balance Sheets of H Ltd. and S Ltd. as at 31.3.2021, and the Notes on accounts thereon, following information are made available to you: 20

Particulars	H Ltd. (₹)	S Ltd. (₹)
Equity Share Capital (of ₹ 10 each fully paid)	10,00,000	5,00,000
General Reserve	2,00,000	3,00,000
Balance in Statement of Profit & Loss	7,00,000	5,00,000
Trade payables	5,00,000	6,00,000
	24,00,000	19,00,000
Land and Building	3,00,000	5,00,000
Plant and Machinery	8,00,000	6,00,000
Investment (30,000 equity shares in S Ltd.)	4,00,000	—
Inventories	3,00,000	4,00,000
Trade Receivables	4,00,000	3,00,000
Cash and Bank	2,00,000	1,00,000
	24,00,000	19,00,000

Additional information:

- (a) H Ltd. acquired 30,000 equity shares of S Ltd. on 01.04.2020 at a cost of ₹ 4,75,000. On September 15, 2020, S Ltd. declared 25% dividend for the year 2019-20 and H Ltd. credited the receipt of dividend to its Investment Account.
- (b) On 01.04.2020 S Ltd. had ₹ 2,00,000 in General Reserve and ₹ 3,25,000 in Profit and Loss (Cr.).

(c) Trade payables of S Ltd. include ₹ 1,20,000 for purchase of goods from H Ltd. on which H Ltd. made a profit of ₹ 30,000. Inventories of S Ltd. includes ₹ 40,000 of such goods.

You are required to prepare the Consolidated Balance Sheet of H Ltd. with its subsidiary S Ltd. as at 31.03.2021.

12. The summarised Balance Sheets of KPC Ltd. as at 31.03.2020 and 31.03.2021 were as follows:

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Equity and Liabilities	31.03.2020 (₹)	31.03.2021 (₹)
Equity Share Capital (₹ 10 each)	3,00,000	4,00,000
General Reserve	1,30,000	2,30,000
Balance in Statement of Profit and Loss	80,000	1,50,000
12% Term Loan	1,00,000	—
Trade Payables	1,25,000	1,10,000
Provision for Tax	65,000	90,000
<b>TOTAL</b>	<b>8,00,000</b>	<b>9,80,000</b>

Assets	31.03.2020 (₹)	31.03.2021 (₹)
Land and Building	2,15,000	1,95,000
Plant and Machinery	2,20,000	2,90,000
Investments	75,000	40,000
Inventories	1,46,000	2,16,000
Trade Receivables	1,10,000	1,67,000
Prepaid Expenses	15,000	32,000
Cash and Bank	19,000	40,000
<b>TOTAL</b>	<b>8,00,000</b>	<b>9,80,000</b>

Additional information:

- Investment costing ₹ 35,000 were sold at a loss ₹ 7,000 (the loss is transferred to Profit and Loss Account).
- Interest received on investment during current year amounted to ₹ 10,000.
- Income tax and dividend paid during the year were ₹ 85,000 and ₹ 40,000 respectively.
- 12% Term Loan was repaid in full at the beginning of the year 2020-21.
- Depreciation charged during the year on land and building and plant and machinery were ₹ 20,000 and 25,000 respectively.

You are required to prepare the Fund Flow Statement of KPC Ltd. for the year ended 31.03.2021 showing the changes in the working capital.