

PARUL UNIVERSITY
FACULTY OF MANAGEMENT
BBA Summer 2022-23 Examination

Semester: 4
Subject Code: 06101255
Subject Name: Corporate Financial Statement

Date: 23/03/2023
Time: 10.30am to 1.00pm
Total Marks: 60

Instructions

1. All questions are compulsory.
2. Figures to the right indicate full marks.
3. Make suitable assumptions wherever necessary.
4. Start new question on new page.

Q.1 Do as Directed.**A). Multiple choice type questions/Fill in the blanks. (Each of 1 mark) (05)**

1. If liquid ratio is 2 : 1 and liquid liabilities are Rs. 40,000 then liquid assets=.....
 - a) Rs. 80,000
 - b) Rs. 20,000
 - c) Rs. 40,000
 - d) None of Above
2. The auditor's report of a company is prepared by one of the following
 - a) Statutory
 - b) Audit Committee
 - c) Internal Auditor
 - d) Management
3. Loan borrowed from bank is a cash flow from _____ activity
 - a) Operating
 - b) Investing
 - c) Financing
 - d) Manufacturing
4. For preparing a common size income statement _____ is taken as base.
 - a) Sales
 - b) Net Profit
 - c) Total Assets
 - d) Cost of Goods Sold
5. Financial Statements are based on _____.
 - a) Actual Cost
 - b) Historical Cost
 - c) Market Cost or Value
 - d) Current Cost

B). Define the following. (Each of 1 mark) (05)

1. General Reserve
2. Vertical analysis
3. Cash flow Statement
4. Auditor's Report
5. Current Ratio

C). Direct questions. (Each of 1 mark) (05)

1. What is Corporate Governance?
2. State the formula of interest coverage ratio
3. What is Ratio Analysis?
4. State the Profitability Ratios.
5. Give types of reporting.

Q2.2 Answer the following questions.

A). What do you mean by Financial Statements? Explain in brief the types of statements.

07

B). The following are the summarized Balance Sheet of ABC Ltd :

08

Liabilities	31-03-2021	31-03-2022	Assets	31-03-2021	31-03-2022
Equity share capital (Rs. 10 each)	3,00,000	4,00,000	Goodwill	1,50,000	1,50,000
10% Pref. share capital (Rs. 10 each)	2,00,000	1,00,000	Land & Building	2,50,000	4,50,000
Reserves	1,25,000	1,50,000	Debtors	1,25,000	1,50,000
8% Debentures	2,00,000	2,00,000	Stock	1,25,000	1,12,500
Creditors	80,000	1,00,000	Cash & Bank Bal.	24,000	7,000
Bank Overdraft	1,00,000	80,000	Preliminary Expenses	26,000	35,500
Bills Payable	20,000	75,000	Machinery	2,25,000	1,50,000
			Furniture	1,00,000	50,000
	10,25,000	11,05,000		10,25,000	11,05,000

Additional Information :	2020-21	2021-22
Total Sales (Cash sales are 3/5)	8,00,000	10,80,000
Gross profit	2,25,000	2,40,000
Net Profit (Before interest on debentures & tax)	1,60,000	1,80,000
Tax Rate	50%	50%

From the above information, calculate the following ratios for both the years :

- (i) Current Ratio
- (ii) Return on Capital employed
- (iii) Net profit ratio
- (iv) Debtors ratio (360 days)

Q.3 Answer the following questions.

A). Define Ratio. Write down classification of Ratios.

07

B). Balance Sheet of A and B on 1 January, 2017 and 31 December, 2017 were as follows:

BALANCE SHEET

Liabilities	1 Jan., 2017 Rs.	31 Dec.,2017 Rs.	Assets	1 Jan., 2017 Rs.	31 Dec., 2017 Rs.
Creditors	40,000	44,000	Cash	10,000	7,000
Mrs. A's Loan	25,000	0	Debtors	30,000	50,000
Loans from Bank	40,000	50,000	Stock	35,000	25,000
Capital	1,25,000	1,53,000	Machinery	80,000	55,000
			Land	40,000	50,000
			Building	35,000	60,000
Total	2,30,000	2,47,000	Total	2,30,000	2,47,000

During the year a machine costing Rs 10,000 (accumulated depreciation Rs 3,000) was sold for Rs 5,000. The provisions depreciation against machinery as on 1 January, 2017 was Rs 25,000 and on 31 December, 2017 was Rs 40,000. Net profit for the year 2017 amount to Rs 45,000. You are required to prepare a Cash Flow From Operating Activities. **08**

Q.4 Attempt any two questions. (Each of 7.5 mark) **15**

1. What are common size statements? Explain the preparation of common size.

2. The following figures for a period were extracted from the Books of ABC Ltd.

Particulars	Amount Rs.	Particulars	Amount Rs.
Sales	12,40,000	Retained earnings	62,500
Commission on sales	10,000	Dividend to shareholders	15,000
Purchase of raw-material	5,00,000	Interest on Bank-loan	9,000
Raw Material: Opening	42,500	Staff welfare Expenses	79,000
Raw Material: Closing	54,000	Insurance	13,000
Finished stock : Opening	1,00,000	Rent, rate & taxes	8,000
Finished stock : Closing	1,20,000	M.D. Remuneration	42,000
Other Materials	46,500	Travelling Expenses	10,500
Audit free	2,000	Advertisement	12,500
Income-tax provided	50,000	Postage & Telegram	7,000
Depreciation	27,500	Salaries & Wages	3,15,000
Director's sitting fees	20,000	Contribution to Provident Fund	30,000
Carriage outward	11,000	Subscription	1,000

3. What is Corporate financial Reporting. Mention the objectives of CFR.

4. Difference between Fund Flow Statement and Cash Flow Statement.