

PARUL UNIVERSITY
FACULTY OF MANAGEMENT
BBA, Summer 2021-22 Examination

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

Date: 30/03/2022
Time: 10:30 am to 01:00 pm
Total Marks: 60

Instructions

1. Attempt all questions from each section.
2. Figures to the right indicate full marks.
3. Make suitable assumptions wherever necessary.
4. Write separate sections on separate answer sheets.

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

1. P&L statement is also known as
 - a) Statement of operations
 - b) Statement of income
 - c) Statement of earnings
 - d) All of the above
2. Which of the following are techniques, tools or methods of analysis and interpretation of financial statements?
 - a) Ratio Analysis
 - b) Average Analysis
 - c) Trend Analysis
 - d) All of the above
3. A low inventory turnover ratio indicates
 - a) Investment lied up in stock
 - b) Obsolete goods on hand
 - c) Adverse liquidity
 - d) All of the above
4. Proprietary Ratio is proportion between
 - a) Proprietary Funds and Equity Capital
 - b) Proprietary Fund and Sales
 - c) Proprietor's Fund and Total Assets
 - d) None of the above
5. A firm that issues stocks and bonds to raise funds results in
 - a) Decreases Cash
 - b) Increases Cash
 - c) Increases Equity
 - d) None of Above

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

1. Bond
2. Consolidation
3. Gearing
4. Ordinary shares
5. work-in-progress

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

1. Why is a cash-flow statement prepared?
2. The balance of fixed assets of Y Ltd. at cost at the end of 2013 and 2014 were Rs 5,70,800 and Rs 6,15,300. During the year 2014 a machinery costing Rs 60,000 was sold. Determine the purchase of fixed assets.
3. Which concept Prohibits window dressing?
4. List out the ratio as per traditional classification.
5. List out the limitations of Financial Statement Analysis

Q.2 Answer the following questions.**(A) Write a detail note on "Auditor's Report" (07)**

B) The following are the balances in the accounts of a company for the year 2011-12

(08)

Particulars	(Rs.)	Particulars	(Rs.)
Turnover	920000	Dividend to shareholders	58,400
Plant & Machinery (Net)	432000	Debtors	78,000
Loss on sale of machinery	30,000	Creditors	50,800
Closing Stock	80,000	Cash at Bank	39,200
Opening Stock	64,000	Auditor's Remuneration	11,200
Depreciation on plant & machinery	80,000	Retained profits (opening balance)	397600
Raw materials purchased	250000	Retained profits for the year	115200
Rent and Rates	66,000	Ordinary share capital issued	600000
Insurance	8,800	Interest on borrowings	16,000
Other expenses	34,000	Income tax for the year	110400
Wages & Salaries	130800	Provident Fund	11,200
Employees State Insurance	14,000		

Prepare a Value Added Statement and Statement of Distribution of Value Added of the company for the year 2011-12.

Q. 3 Answer the following questions.

A) Following information is available for Aman Ltd.

(07)

Profit after tax Rs. 6,36,000

Preference Dividend Rs. 60,000

Proposed Equity Dividend 25%

Share capital :

32000 equity shares of Rs. 50 each Rs. 16,00,000

10% Preference share capital Rs. 6,00,000

Current market price per share (equity) Rs. 125

Calculate :

- (1) Earnings per share
- (2) Dividend per share
- (3) Dividend yield Ratio
- (4) Price-Earnings Ratio

B) Calculate Cash Flow from operating activities from the following Profit & Loss Account

(08)

Debit	(Rs.)	Credit	(Rs.)
Salaries	20,000	Gross profit	50,000
Rent	10,000	Profit on sale of Land & Building	10,000
Depreciation	5,000		
Loss on sale of plant	2,000		
Goodwill written off	5,000		
Proposed Dividend	6,000		
Provision for tax	5,000		
Net profit	7,000		
	60,000		60,000

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

(15)

1. What is Window Dressing? How is it reflected in the Annual Reports?
2. Convert the following Income Statement into Common size Income Statement

Particulars	Amount Rs.
Net sales	485000
Less : Cost of goods sold	237500
Gross profit	247500
Less : Operating expenses :	
Administrative expenses	48500
Selling & Distribution expenses	50500
Operating Profit	148500
Add : Dividend Received	12125
	160625
Less : Interest on Debentures	6060
Profit Before Tax	154565
Less : Tax	61825
Profit After Tax	92740

3. Define cash as per AS-3 (revised). How the various activities are classified as per AS-3 revised while preparing cash flow statement
4. State any four tools which are commonly used for analyzing and interpreting financial statements