Seat No: Enrollment No:

# PARUL UNIVERSITY

# **FACULTY OF MANAGEMENT BBA Winter 2019 - 20 Examination**

	D / 11/10/0010
Semester: 4	Date: 11/12/2019

Subject Code: 06101255 Time: 2:00 pm to 4:30 pm

Subject Name: Corporate Financial Statement Total Marks: 60

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Instr	uction	าร

- 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 blank	ss. (Each of 1 mark)	(05)
1. Financial statements are based on		
a) Opportunity cost	c) Current cost	
b) Historical cost	d) Estimated cost	
2. For preparing a Common Size Income Statemen	nt is taken as base.	
a) Net Profit	c) Total Assets	
b) Sales	d) Cost of goods sold	
<b>3.</b> One of the following items is shown under the sheet:	reserves and surplus head of the balance	
a) Share Application Money	c) Share Premium Account	
	d) Calls in Arrears	
<b>4.</b> One of the following is not a content of Assets s	side of the balance sheet:	
a) Loans and Advances	c) Miscellaneous Expenditure	
b) Term Loan	d) Net Fixed Assets	
<b>5.</b> The Auditors Report is prepared by one of the fo	ollowing:	
a) Auditor	c) Manager	
b) Sales Officer	d) Production Officer	
B). Define the following. (Each of 1 mark)		(05)
1. Leverage		

- 2. Full form of XBRL
- 3. Balance Sheet
- 4. Profitability ratio
- 5. Value added statement

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

(05)

(08)

- From the following find out: i) Opening stock
  ii) Closing Stock. If gross profit ratio 25%,
  Gross Profit Rs. 3,00,000 stock velocity is 1.2. Month and closing stock of the year is
  Rs. 20,000 more than the opening stock.
- 2. Corporate Financial Statement
- 3. Debtors Ratio
- 4. Auditor
- 5. Operating Ratio

#### Q.2 Answer the following questions.

- A). Explain Accounting ratios and its classification. Also explain the limitations of accounting ratios. (07)
- **B).** From the following statement of XYZ Ltd. For the year ending 31<sup>st</sup> March you are required to rearrange the items in the form of financial statement suitable for analysis and calculate the following ratios (360 days to be taken for the year):
  - 1. Current Ratio
  - 2. Acid Test Ratio
  - 3. Operating Ratio
  - 4. Stock Turnover Ratio
  - 5. Debtors Ratio

#### Balance Sheet as on 31-03-2017

Liabilities	Rs.	Assets	Rs.
Equity Shares	50,000	Land and buildings	50,000
General Reserve	40,000	Plant and Machine	20,000
Profit & Loss A/c	15,000	Stock	15,000
Sundry Creditors	20,000	Debtors	25,000
		Cash	15,000
Total	1,25,000	Total	1,25,000

Profit and Loss Account

To Opening Stock	25,000	By sales	1,80,000
To Purchases	1,05,000	By Closing Stock	15,000
To Gross Profit	65,000		
Total	1,95,000	Total	1,95,000
To Advertisement Exp.	23,000	By Gross Profit	65,000
To Selling Exp.	10,000	By Profit on sale	5,000
To financing Exp	2,000	Of fixed assets	
To Net Profit	35,000		
Total	70,000	Total	70,000

#### Q.3 Answer the following questions.

A). Define Value added statement and also mention its advantages and disadvantages in detail. (07)

**B).**Write down the meaning and utility of Common size statement

# (08) (15)

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

- 1. What are the corporate annual reports? Explain your understanding on its concepts.
- 2. What is XBRL? Explain the various advantages of XBRL and how was it introduced to India.
- 3. Balance Sheets of Quick Co. Ltd, as on 31st March:

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Liabilities	31/03/2014	31/03/2015	Assets	31/03/2014	31/03/2015
Eq. Share	1,00,000	1,50,000	Fixed Assets	1,30,000	2,23,000
General			Investments		
Reserve	60,000	20,000		15,000	12,000
Profit and			Stock		
Loss	10,000	12,000		10,000	15,000
10%			Sundry		
Debentures		50,000	Debtors	55,000	35,000
Sundry			Cash & Bank		
Creditors	45,000	51,000		12,000	9,000
Provision for			Preliminary		
Tax	15,000	17,000	Exp.	8,000	6,000
Total	2,30,000	3,00,000		2,30,000	3,00,000

- 1. On 1/4/14 bonus shares at one share for every two shares were issued by capitalizing General Reserve.
- 2. Income tax of Rs. 14,000 was aid during the year.
- 3. Interim dividend of Rs. 9,000 was paid during the year.
- 4. Depreciation Rs. 5,000 wass provided on Fixed assets.
- 5. Investments costing Rs. 5,000 were sold at a profit of Rs. 1,000 and the profit was credited to Profit and loss Account.

Prepare CASH FLOW STATEMENT.

4. How window dressing is used in corporate financial reporting? Also explain creative accounting practices adopted in window dressing.