

2022

**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**

1. Specify three purposes of conceptual framework for preparation and presentation of financial statements of a company 5

*Or,*

Explain 'understandability' and 'comparability' qualitative characteristics of financial statements. 5

2. From the following information, calculate fund from operation of Exe Ltd.—

Profit before tax (PBT) ₹ 2,40,000; Bad debt written off ₹ 12,000; Office expenses charged ₹ 37,000; Depreciation charged ₹ 32,000; Provision for tax debited to Statement of Profit & Loss ₹ 44,000; Dividend paid ₹ 20,000; Profit on sale of asset credited ₹ 15,000 and Goodwill amortised ₹ 25,000.

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3. From the following, calculate ROCE and Return on Net Worth : Share Capital ₹ 30,00,000; General Reserve ₹ 15,00,000; Balance of Statement of Profit & Loss ₹ 5,00,000; 15% long term Loan ₹ 30,00,000; PBT ₹ 17,50,000. Ignore tax. 5

*Or,*

Name the ratio that you would calculate in each of the following cases to indicate :

- (a) The ability of the company to meet its current obligations.
- (b) The rapidity with which accounts receivables are collected.
- (c) The ability to meet interest (and other fixed charges) obligations.
- (d) The profitability of equity funds invested in the firm.
- (e) The dividend paid in relation to earnings per share.

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**Group - B**

4. From the following information relating to Simplex Ltd. calculate Basic EPS and Diluted EPS as per IAS 33

Net profit (after tax) for the current year	–	₹ 3,00,00,000
No. of outstanding equity shares	–	50,00,000 shares of ₹ 10 each
No. of 10% Fully Convertible Debentures	–	50,000 debentures of ₹ 100 each
12% Cumulative Preference shares	–	50,000 shares of ₹ 100 each
Corporate tax rate	–	30%

Each fully Convertible Debenture will be converted into 8 equity shares of ₹ 10 each. 3+7

5. From the following information prepare a 'Common size Income Statement' for the year ended 31st March 2022 :

Office, Selling and Distribution Expenses	₹ 1,20,000	
Total Cost of Sales	75% of Net Sales	
Net profit before tax	₹ 2,40,000	
Other income	₹ 40,000	10

*Or,*

- Find the sales of the base period and other missing data from the following figures of S Ltd. 10

Year	2017	2018	2019	2020	2021
Sales (₹ in '000)	1980	?	2805	3140	3798
Trend (%)	110	130	?	?	?

**Group - C**

6. The statement of assets and liabilities of H Ltd. and its subsidiary S Ltd. as on 31.03.2022 stored as follows:

Equity and Liabilities	H Ltd (₹)	S Ltd (₹)
Equity share capital (₹ 10)	10,00,000	3,00,000
General Reserve	4,00,000	2,60,000
Balance of Profit & Loss (Cr.)	5,00,000	2,00,000
Trade Payables (Creditors)	5,60,000	3,40,000
	24,60,000	11,00,000

(3)

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Assets		
Land & Building	10,00,000	4,40,000
Plant & Machinery	4,00,000	2,00,000
Investment in S Ltd.	3,00,000	—
Inventories	3,80,000	2,80,000
Trade Receivables (Debtors)	3,20,000	1,60,000
Cash and Cash Equivalents	60,000	20,000
	<u>24,60,000</u>	<u>11,00,000</u>

The following information is also available :

- (a) H Ltd. acquired 24,000 equity shares of S Ltd. on 01.07.2021 at a cost of ₹ 3,00,000 and immediately after acquisition H Ltd. received dividend on equity shares @20% for the year 2020-21. H Ltd. credited its share of dividend to Profit & Loss A/c.
- (b) On 01.04.2021, the balance of General Reserve was ₹ 1,40,000 and the balance of Profit & Loss was ₹ 80,000.
- (c) Debtors of H Ltd. include ₹ 40,000 for goods sold to S Ltd. at cost plus 25%, half of the goods are still in stock.

Prepare Consolidated Balance Sheet of H Ltd. with its subsidiary S Ltd. as on 31.03.2022. 15

7. Balance Sheet of Pixel Ltd. as at 31.03.2021 and 31.03.2022 were as follows :

Particulars	31.03.2021	31.03.2022
	₹	₹
<b>I. Equity and Liabilities</b>		
1. Shareholders' Fund		
(a) Share Capital (Equity Shares of 10 each)	40,00,000	50,00,000
(b) Reserves and Surplus (Balance in Statement of Profit & Loss)	15,00,000	21,00,000
2. Non-Current Liabilities		
(a) Long term borrowing - Term Loan	15,00,000	10,00,000
3. Current Liabilities		
(a) Trade payables	8,00,000	5,00,000
(b) Provision for Tax	2,80,000	3,50,000
	<u>80,80,000</u>	<u>89,50,000</u>
<b>II. Assets</b>		
1. Non-Current Assets		
Property, Plant and Equipment	45,00,000	52,00,000
2. Current Assets		
(a) Inventories	10,00,000	12,00,000
(b) Trade Receivables	23,00,000	19,00,000
(c) Cash and Cash equivalents	2,80,000	6,50,000
	<u>80,80,000</u>	<u>89,50,000</u>

Please Turn Over

8. 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
- Fixed assets to Net worth = 0.80
- Debtors turnover = 4 times
- Gross profit = ₹ 3,00,000
- Reserve to Share Capital = 0.25
- Non-trade investment ₹ 70,000
- There is no borrowings.

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**Or,**

With the following ratios and further information given below, prepare a Trading Account, Profit & Loss Account for the year ended 31.03.2022 and a Balance Sheet of Mr. Kapoor as on that date.

$$\text{Gross profit ratio} = 33\frac{1}{3}\%$$

$$\text{Net profit ratio} = 25\% \text{ of turnover}$$

$$\text{Stock turnover ratio} = 10 \text{ times}$$

$$\text{Current liabilities} : \text{External liabilities} = \frac{1}{4}$$

$$\text{Fixed Assets} : \text{Closing capital} = \frac{5}{4}$$

$$\text{Closing capital} : \text{External liabilities} = \frac{1}{2}$$

$$\text{Fixed Assets} : \text{Current Assets} = \frac{5}{7}$$

$$\text{Fixed Assets} = ₹ 40,00,000$$

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

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