

2023

FINANCIAL REPORTING AND FINANCIAL STATEMENT ANALYSIS — HONOURS

Paper : DSE-6,IAH

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. Name the elements of financial statements and their measurement bases as per the conceptual framework of Ind-AS. 3+2

Or,

What are the components of financial statements as per Ind-AS 1? 5

2. From the following particulars, calculate the net cash flows from operating activities of Binoy Ltd. : 5

	₹		₹
Operating profit after depreciation and amortisation	1,50,000	Decrease in stock over the year	2,000
Depreciation and amortisation	25,000	Increase in cash and cash equivalent over the year	5,000
Tax paid	10,000		
Tax provided	11,000		
Increase in debtors' balance over the year	7,000		
Increase in creditors' balance over the year	8,000		

3. From the following information, calculate the value of Fixed Assets : 5

Current Assets	₹	1,50,000
Fixed Assets/Net worth		1.15
Current Liabilities	₹	1,29,000
Long-term debt	₹	51,000

Please Turn Over

Or,

From the following extract of Balance Sheet of Samiuddin Ltd. as at 31.03.2023, calculate debt-equity ratio and capital gearing ratio of the company :

	₹
Shareholders' Fund :	
Equity share capital (₹ 10 each)	3,00,000
12% Preference share (₹ 100 each)	4,00,000
General Reserve	3,00,000
Profit and Loss Balance	(50,000)
Non-current Liabilities :	
8% Term Loan	3,00,000
10% Debenture (₹ 100 each)	5,00,000

Group - B

4. With the help of the following information for the year ended 2022, prepare a common-size statement.

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	₹
Selling and Distribution Expenses	10,000
Administrative Expenses	20,000
Total operating cost	75% of Net sales
Income Tax	20% of Net profit before tax
Net income after tax	48,000
Other income	10,000

5. (a) What is potential ordinary shares? Give two examples of potential ordinary shares.
 (b) From the following information, compute weighted average number of equity shares outstanding at the end of the year 31.03.2023 and Basic EPS as per Ind-AS 33 :

Equity shares opening balance on 01.04.2022 @ ₹ 10 each	80,000 shares
Public issue on 01.07.2022 @ ₹ 10 each	30,000 shares
Further public issue on 01.01.2023 @ ₹ 10 each	10,000 shares
Earnings attributable for Equity shareholders for 2022-23	₹ 500,000

4+6

Or,

- (a) What is property, plant and equipments as per Ind-AS 16? Mention any two items excluded from the scope of Ind-AS 16.

(3)

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(b) ABC Ltd. is installing a new plant at its production facility. It has incurred the following cost :

Cost of plant purchased less trade discount	₹ 2,00,000
Delivery and handling cost	₹ 20,000
GST paid (input tax credit available)	₹ 24,000
Cost of site preparation	₹ 15,000
Interest charged by supplier for deferred payment	₹ 10,000
Training cost (not directly attributable)	₹ 6,000

Calculate the amount to be capitalised and amount of depreciation as per Ind-AS 16, given that residual value estimated after 5 years ₹ 12,000.

4+6

Group - C

6. The Balance Sheets of H. Ltd. and S. Ltd. as at 31.03.2023 are as follows :

Particular	H. Ltd. (₹)	S. Ltd. (₹)
Equity and Liabilities :		
Shareholders' funds :		
Equity share capital (₹ 10 each)	3,00,000	2,00,000
12% Preference share capital (₹ 100 each)	1,00,000	—
Reserves and Surplus :		
General Reserve	1,20,000	40,000
Balance of Profit & Loss (Cr.)	2,00,000	1,80,000
Current Liabilities :		
Creditors	20,000	70,000
Provision for tax	15,000	16,000
Total	7,55,000	5,06,000
Assets		
Non-current Assets :		
Property, Plant and Equipment :		
Land & Building	2,05,000	2,76,000
Non-current investment :		
Investment in shares of S Ltd.	2,80,000	—
Current Assets :		
Inventories	1,40,000	1,40,000
Debtors	80,000	60,000
Cash at Bank	50,000	30,000
Total	7,55,000	5,06,000

Please Turn Over

Further information :

- (i) H. Ltd. acquired 10,000 shares in S. Ltd. on 01.01.2023. The balance of reserve and surplus of S. Ltd. on 01.04.2022 was as under :
- (A) General Reserve - ₹ 1,60,000
(B) Profit & Loss Balance (Cr.) - ₹ 70,000
- (ii) On 01.03.2023, S. Ltd. issued three fully paid bonus shares for every five shares held out of accumulated general reserve balance on 01.04.2022 and recorded the same.
- (iii) S. Ltd. paid dividend on 01.02.2023 for the year 2021-22 @ 8% and H. Ltd. credited its share in the Profit & Loss A/c.
- (iv) Debtors of H. Ltd. include ₹ 40,000 for goods supplied by H. Ltd. at a profit of 20% on sales and stock of S. Ltd. includes unsold transferred goods supplied by H. Ltd. ₹ 30,000.

Prepare a Consolidated Balance Sheet of H. Ltd. and its subsidiary S. Ltd. as on 31.03.2023.

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7. The following is the summarised Balance Sheet of Sanbad Ltd. as on 31.03.2022 and 31.03.2023:

I. Equity and Liabilities	31.03.2022	31.03.2023
Shareholders' Fund	(₹)	(₹)
Equity share capital of ₹ 10 each fully paid	16,00,000	18,80,000
General Reserve	6,80,000	8,00,000
Profit and Loss Balance (Cr.)	3,60,000	4,84,000
Securities premium	—	56,000
Non-current Liabilities		
9% Debentures	4,00,000	2,80,000
Current Liabilities		
Creditors	4,50,000	5,00,000
Provision for tax	3,60,000	3,00,000
Unclaimed dividend	30,000	20,000
Total	38,80,000	43,20,000
II. Assets		
Non-current Assets		
Property, Plant and Equipment-Machinery (Note 1)	22,80,000	26,40,000
Non-current Investment	4,00,000	3,20,000
Current Assets		
Inventories	2,16,000	3,40,000
Debtors	8,94,000	10,10,000
Cash and Bank	90,000	10,000
Total	38,80,000	43,20,000

Further information :

- (i) H. Ltd. acquired 10,000 shares in S. Ltd. on 01.01.2023. The balance of reserve and surplus of S. Ltd. on 01.04.2022 was as under :
 - (A) General Reserve - ₹ 1,60,000
 - (B) Profit & Loss Balance (Cr.) - ₹ 70,000
- (ii) On 01.03.2023, S. Ltd. issued three fully paid bonus shares for every five shares held out of accumulated general reserve balance on 01.04.2022 and recorded the same.
- (iii) S. Ltd. paid dividend on 01.02.2023 for the year 2021-22 @ 8% and H. Ltd. credited its share in the Profit & Loss A/c.
- (iv) Debtors of H. Ltd. include ₹ 40,000 for goods supplied by H. Ltd. at a profit of 20% on sales and stock of S. Ltd. includes unsold transferred goods supplied by H. Ltd. ₹ 30,000.

Prepare a Consolidated Balance Sheet of H. Ltd. and its subsidiary S. Ltd. as on 31.03.2023.

15

7. The following is the summarised Balance Sheet of Sanbad Ltd. as on 31.03.2022 and 31.03.2023 :

I. Equity and Liabilities	31.03.2022	31.03.2023
Shareholders' Fund	(₹)	(₹)
Equity share capital of ₹ 10 each fully paid	16,00,000	18,80,000
General Reserve	6,80,000	8,00,000
Profit and Loss Balance (Cr.)	3,60,000	4,84,000
Securities premium	—	50,000
Non-current Liabilities		
9% Debentures	4,00,000	2,80,000
Current Liabilities		
Creditors	4,50,000	5,00,000
Provision for tax	3,60,000	2,20,000
Unclaimed dividend	30,000	1,00,000
Total	38,80,000	43,20,000
II. Assets		
Non-current Assets		
Property, Plant and Equipment-Machinery (Note 1)	22,80,000	26,40,000
Non-current Investment	4,00,000	3,20,000
Current Assets		
Inventories	2,16,000	3,40,000
Debtors	8,94,000	10,10,000
Cash and Bank	90,000	10,000
Total	38,80,000	43,20,000

Note 1 : Machinery

	31.03.2022	31.03.2023
Machinery (at cost)	32,00,000	38,00,000
Less : Accumulated depreciation	9,20,000	11,60,000
WDV	22,80,000	26,40,000

Additional information :

- The company sold one of the machinery for ₹ 1,00,000, the cost of which was ₹ 2,00,000 and against which depreciation of ₹ 80,000 was provided.
- The company sold part of investments at a loss of ₹ 12,000.
- Interim dividend declared and paid for the year 2022-23 ₹ 1,88,000.
- The company provided tax during the year ₹ 3,70,000.
- The company redeemed debentures at 10% premium at the end of the year. Premium on redemption was provided out of general reserve.

Prepare Cash Flow Statement as per AS-3.

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Or,

- State the differences between Fund Flow Statement and Cash Flow Statement.
- State along with the value whether the following transactions represents sources or applications of fund, where fund indicates working capital.
 - Issue of bonus shares ₹ 200,000
 - Earnings before depreciation, interest and tax (₹ 62,000)
 - Redemption of Preference shares ₹ 40,000
 - Provision for tax ₹ 15,000.
 - Exchange old asset of ₹ 20,000 for purchase of new asset ₹ 45,000 and balance paid in shares.
 - Creditors took investment having book value of ₹ 30,000 in full settlement of their claim ₹ 35,000.
 - Investment (long-term) worth ₹ 20,000 has been sold at a loss of ₹ 2,000.

8+7

8. From the following information, prepare the Income Statement and Balance Sheet of Tudu Ltd. as at 31.03.2023 :

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Rate of Gross Profit	25%
Net Profit to Equity Capital	10%
Stock Turnover Ratio	6 times
Average Debt Collection period	3 months
Creditors Velocity	4 months
Current Ratio	2
Fixed Assets to Equity	80%

Please Turn Over

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Capital Gearing Ratio	0.4
Reserve and Surplus to Equity share capital	25%
Preference Share Capital	Nil

Gross Profit ₹ 6,00,000. Working notes should be shown clearly.

(Schedule III is not mandatory for the preparation of Income Statement and Balance Sheet)

Or,

(a) From the following particulars, prepare a statement of Proprietors' Fund of Dhanuk Ltd. as at 31.03.2023 :

Fixed assets to net worth = 0.8 : 1

Current ratio = 3:1

Fixed assets = ₹ 16,00,000

Reserve included in proprietors' fund = 25%

Acid test ratio = 3:2

Cash and Bank = ₹ 30,000

Long-term loan = ₹ 4,00,000

Bank overdraft = Nil

(b) Amul Ltd. has a profit margin of 5% and Asset Turnover of 2 times. What is the company's Return on Investment? What will be the Return on Investment if Asset Turnover is doubled? 12.3