



# MAULANA ABUL KALAM AZAD UNIVERSITY OF TECHNOLOGY, WEST BENGAL

Paper Code : MB202/MBPT202 Financial Reporting, Statements and Analysis

UPID : 002028

Time Allotted : 3 Hours

Full Marks : 70

The Figures in the margin indicate full marks.

Candidate are required to give their answers in their own words as far as practicable

## Group-A (Very Short Answer Type Question)

1. Answer any ten of the following :

[ 1 x 10 = 10 ]

- (I) Debit the receiver and credit the giver is applicable to \_\_\_\_\_
- (II) What is Super Quick Ratio?
- (III) What is meant by Patent ?
- (IV) In a \_\_\_\_\_, the sales are converted into 100 and the components are proportionately converted.
- (V) Obsolescence means decline in the value due to \_\_\_\_\_
- (VI) What is Horizontal Analysis of financial statements ?
- (VII) The firm has purchased equipment for ₹ 20 lakhs on credit, resulting in increase in equity by ₹..... lakhs.
- (VIII) Outstanding wages are shown as \_\_\_\_\_.
- (IX) Accounting standards are statements prescribed by \_\_\_\_\_.
- (X) Liabilities are said to be current liabilities only when they are paid out of \_\_\_\_\_.
- (XI) Apollo Ltd has current assets of Rs.46,50,000, current liabilities of Rs.18,50,000. Current assets include inventories amounting to Rs.11,00,000. Find the current ratio and liquid ratio
- (XII) The debt-equity ratio is 1.5:1. The invested capital is ₹ 1,000 crores. Investment in financial assets is ₹ 200 crores. Calculate equity and liabilities.

## Group-B (Short Answer Type Question)

Answer any three of the following :

[ 5 x 3 = 15 ]

2. What is the difference between revenue expenditure and capital expenditure during the useful life of a piece of equipment? [5]
3. How is Going Concern concept different from Accounting Period Concept? [5]
4. What is AS? Write briefly about any two AS followed in India. [5]
5. State the limitation of the Value-Added Statement. [5]
6. Prepare the cost sheet to show the total cost of production of goods manufactured by a company for the month of Jan, 2023. Also find the cost of sales and profit. [5]

Particulars	Amount (Rs.)
Stock of raw materials on 01.01.2023	6000
Raw materials procured	56,000
Stock of raw materials on 31.01.2023	9000
Stock of finished goods on 01.01.2023	5,600
Stock of finished goods on 31.01.2023	2,400
Direct wages	14,000
Plant depreciation	3,000
Factory rent & rates	6000
Office rent	1,000
Discount on sales	600
Advertisement expenses	1,200
Income tax paid	2,000
Sales	1,50,000

## Group-C (Long Answer Type Question)

Answer any three of the following :

[ 15 x 3 = 45 ]

7. (a) The following are excerpts from the profit and loss account and the balance sheet of PL Ltd for the year ended 31st March 2019 & 2020. [ 10 ]

Particulars	2019 (Rs. In Million)	2020 (Rs. In Million)
Sales	2,780	3,345
Profit after tax	360	402
Share capital (Face value Rs.10)	50	50
Other equity	835	895

- i) Compute net margin ratio, EPS, ROE of the company for two years  
ii) Has the performance of the company improved or decline? Justify.

- (b) What are the limitations of using financial ratios for financial statement analysis? [ 5 ]

8. Write short notes on any three: [ 15 ]

- a) Accounting Cycle  
b) Overheads  
c) GAAP  
d) Different categories of assets

9. (a) State the benefits of preparing the Cash Flow Statement. [ 5 ]

- (b) Calculate the cash from operations by direct method and indirect method from the following information: [ 10 ]

Operating statement of A Ltd. for the year ended 31.3.2023	
Sales	₹ 500,000
Less: Cost of goods sold	350,000
Administration & Selling Overheads	55,000
Depreciation	7,000
Interest Paid	3,000
Loss on sale of asset	<u>2,000</u>
Profit before tax	83,000
Tax	<u>(30,000)</u>
Profit After tax	<u>53,000</u>

Balance Sheet of A Ltd. as on 31st March

	2022-23 (₹)	2021-22 (₹)
<b>Equity and Liabilities</b>		
Shareholders' Funds	60,000	50,000
Non-current Liabilities	25,000	30,000
<b>Current Liabilities</b>		
Creditors	12,000	8,000
Creditors for Expenses	10,000	7,000
Provisions	<u>8,000</u>	<u>5,000</u>
<b>Total</b>	<u>115,000.00</u>	<u>100,000</u>
<b>Assets</b>		
Fixed Assets	75,000	65,000
Investment	12,000	10,000
<b>Current Assets</b>		
Inventories	12,000	13,000
Debtors	10,000	7,000
Cash	<u>6,000</u>	<u>5,000</u>
<b>Total</b>	<u>115,000</u>	<u>100,000</u>

10. The following trial balance of M/s. Durand Trading as on March 31, 2021 [ 15 ]

Particulars	Dr. (₹ lakhs)	Cr. (₹ lakhs)
Fixed assets	5,400	
Depreciation on fixed assets	600	
Cost of goods sold	11,160	
Inventories of stock-in trade as on March 31, 2021	840	

Trade receivables	4,000	
Trade payables		1,940
Bills payables		112
Bills receivables	200	
12% investments (purchased on July 1, 2020)	1,000	
Interest on investments		90.00
Accrued interest on investments	30	
Interest	50	
Borrowings from bank		80
Cash in hand	100	
Cash at bank	200	
Drawings	200	
Interest on drawings		20.00
Interest on capital	800	
Capital		8,780
Sales		14,600
Return inward	200	
Carriage outward	40	
Discount allowed to customers	40	
Discount allowed by creditors		20
Bad debts	130	
Rent	72	
Outstanding rent		12
Insurance	54	
Prepaid insurance	18	
Other office and administrative expenses	264	
Selling and distribution expenses	898	
Provision for doubtful debts		530
Provision for discount to customers		112
	26,296	26,296

Prepare trading and profit and loss account for the period ended on March 31, 2021, and balance sheet as of March 31, 2021.

11. (a) What is the difference between direct and indirect costs? [ 4 ]  
 (b) What is a cost driver? [ 3 ]  
 (c) Mr. Goswami furnishes the following data relating to the manufacture of A standard product during the month of April 2023: [ 8 ]

Raw material consumed	Rs.15,000
Direct labour charges	Rs.9,000
Machine hours worked	900 hours @ Rs. 5 per hour
Administrative Overhead	20% on Works cost
Selling Overhead	Re. 0.50 per unit
Units produced	17100 units
Units sold	16000units @Rs. 4 per unit

You are required to prepare a cost sheet from the above showing:

- i) Cost per unit and  
 ii) Profit per unit sold and profit for the period.

\*\*\* END OF PAPER \*\*\*