

UG (III) - 6th sem.

Answer any five questions including q. NO. 1 which is compulsory.

1. Answer any four of the following $[7\frac{1}{2} \times 4]$

(a) What are financial statements? Give three characteristics of ideal financial statements?

(b) What is Income statement? Evaluate its significance?

(c) Give a specimen of Comparative Income Statement

(d) Given

Current Ratio 2.5

Liquidity Ratio 1.5

Working Capital Rs 60,000

Calculate

(a) Current liabilities

(b) Current assets

(c) Liquid Assets

(d) Stock

(e) What is Cash flow statement? What are the uses of preparing a cash flow statement?

(f) What is window dressing? How to check window dressing?

(g) How assets are valued and measured in accounting?

(h) What are the advantages and disadvantages of Price level accounting?

2. What do you understand by Interim Reporting?
 Explain various objectives and difficulties in Interim Reporting? $[12\frac{1}{2}]$
3. What do you mean by Revenue? How is it recognised and measured? $[12\frac{1}{2}]$
4. How does a cash flow statement differ from a funds flow statement? $(12\frac{1}{2})$
5. The following are the summarised B/s of a company as on 31st Dec 2021. $(12\frac{1}{2})$

Liabilities	2020	2021	Assets	2020	2021
Share capital	100,000	125,000	Land & Buildings	100,000	95,000
General Reserve	25,000	30,000	Machinery	75,000	85,500
P/L A/c	15,250	15,300	Stock	50,000	37,000
Bank loan (long term)	35,000	—	Sundry Debtors	40,000	32,100
Sundry creditors	75,000	67,600	Cash	250	300
Provision for Taxation	15,000	17,500	Bank	—	4,000
Goodwill (at cost)	—	1,500			
	<u>265,250</u>	<u>255,400</u>		<u>265,250</u>	<u>255,400</u>

Additional information

During the year ended 31st Dec 2021

1. Dividend of Rs 15,000 was paid.
2. Depreciation charged on L/Ps Rs 5,000
3. Machinery was further purchased for Rs 19,000
4. Depreciation written off on machinery Rs 6,000

5. Income tax provided during the year Rs 16500.
 6. Loss on sale of machinery Rs 100 was written off to general reserve.
 You are required to prepare Cash Flow Statement

6) What is funds flow statement? What are its uses, significance and importance? (12½)

7) From the following information, make out a statement of proprietor's funds with as many details as possible. (12½)

(i) Current Ratio	2.	
(ii) Liquid Ratio	1.25	
(iii) Proprietary Ratio (fixed assets/proprietor's fund)		0.60
(iv) Working Capital		Rs 50,000
(v) Reserve and Surplus		Rs 25,000
(vi) Bank overdraft - (liquid liability)		Rs 10,000

8) What are the different methods used for analysis and interpretation of financial statements? (12½)