

[A-105]

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**SARDAR PATEL UNIVERSITY**  
**M. COM (CBCS) (SEMESTER – IV) EXAMINATION**  
**2015**  
**FRIDAY, 24<sup>TH</sup> APRIL**

**SESSION: EVENING****TIME: 2.30 P.M. TO 5.30 P.M.****COURSE TITLE: CORPORATE ACCOUNTING****CODE NO. : PB04ECOM01****Maximum Marks: 70****Instructions:**

- (1) Answers to the two sections are to be written separately in answer-book.
- (2) Figures to the right indicate full marks of the questions.
- (3) Show important calculations separately wherever necessary.
- (4) Answers should be precise and to the point only.

**SECTION - I**

- Q.1 (A)** What is IFRS? What are the benefits of IFRS to the corporate borrowers? [06]
- (B)** Write a difference between balance sheet prepared as per the existing Schedule IV and New Schedule IV of the Companies Act, 1956 (Any six points). [06]
- (C)** "Accounting is the language of business". Discuss. [06]

**OR**

- Q.1** From the following information of KKR Limited as at 31<sup>st</sup> March, 2015, you are required to prepare a Balance Sheet as per New Schedule VI of the Companies Act 1956: [18]

Particulars	Amount (₹)	Particulars	Amount (₹)
Term Loans (Secured)	10,00,000	Investments	2,25,200
Sundry Creditors	11,45,000	Loss for the year	3,00,000
Advances	3,72,000	Sundry Debtors	12,25,000
Cash and Bank Balances	2,75,000	Miscellaneous Expenditure	58,000
Staff Advances	55,000	Loan from Debtors	2,00,000
Provision for Taxation	1,70,000	Provision for Doubtful Debtors	20,200
Securities Premium	4,75,000	Stores	4,00,000
Loose Tools	50,000	Fixed Assets (WDV)	51,50,000
General Reserve	20,50,000	Finished Goods	7,50,000
Capital Work-in-Progress	2,00,000		

**Additional Information:**

1. Share Capital consists of –
  - (a) 30,000 Equity Shares of ₹ 100 each fully paid up.
  - (b) 10,000 10% Redeemable Preference Shares of ₹ 100 each fully paid up.
2. Depreciation on Assets ₹ 5,00,000.

- Q.2 (A)** What is Cash Flow Statement? Discuss its main uses (any five). [06]
- (B)** What is meant by 'Cash and Cash Equivalent' as per AS 3? [06]
- (C)** Difference between Cash Flow Statement and Cash Budget. [05]

**OR**

**Q.2** RCB Ltd. presents you the following information for the year ended 31<sup>st</sup> March, 2014 and 2015: [17]

(₹ in thousands)

Liabilities	31.3.2014	31.3.2015	Assets	31.3.2014	31.3.2015
Share Capital	500	500	Land & Building	300	300
9% Debentures	200	160	Machinery	164	180
Sundry Creditors	230	216	Stock in Trade	200	228
Profit and Loss A/c	40	54	Sundry Debtors	170	162
Depreciation Fund	80	88	Cash and Bank	120	110
			Balances		
Contingency Reserve	140	110	Current Investments	262	190
Outstanding Expenses	30	48	Pre-Paid Expenses	4	6
Total	1,220	1,176	Total	1,220	1,176

The following information is furnished:

1. One Old Machinery which has original cost of ₹ 30,000 was sold for ₹ 10,000. The Accumulated Depreciation in respect of the said Machinery amounts to ₹ 16,000. One new Machinery was acquired for ₹ 46,000.
2. 9% Debentures were redeemed at a discount of 4% on their Face Value.
3. Dividend at 12% was declared and paid in Cash.
4. Income Tax Liability of ₹ 30,000 paid was debited in Contingency Reserve.

From the above particulars, prepare a cash flow statement for the year ended March 31, 2015 as per AS-3 (Indirect method).

**SECTION - II**

**Q.3 (A)** What do you mean by financial analysis? In what respect the vertical and horizontal analysis are different from each other? Explain with hypothetical examples. [09]

**(B)** What is meant by common-size statements? Discuss its utility for management. [09]

**OR**

**Q.3 (A)** Calculate the trend percentages from the following figures of SRH Ltd. taking 2010 as the base year and interpret them: [09]

(₹ in lakhs)

Year	Sales	Stock	Profit before tax
2010	1,881	709	321
2011	2,340	781	435
2012	2,655	816	458
2013	3,021	944	527
2014	3,768	1,154	672

- (B) From the following Income Statement of CSK Ltd. for the year ended 31<sup>st</sup> March, 2014 and 2015, you are required to prepare Common-size Statement and Comment. [09]

	2014 (₹ in '000)	2015 (₹ in '000)
Sales	500	700
Miscellaneous Income	20	15
	<u>520</u>	<u>715</u>
<b>Expenses:</b>		
Cost of sales	325	510
Office expenses	20	25
Selling expenses	30	45
Interest	<u>25</u>	<u>30</u>
	400	610
Net Profit	<u>120</u>	<u>105</u>
	<u>520</u>	<u>715</u>

- Q.4 (A) Define the terms 'ratio' and 'ratio analysis'. What is the importance of ratio analysis to management? [09]
- (B) What is profit and profitability? Explain briefly any two ratios each for measuring (i) profitability and (ii) liquidity with examples. [08]

**OR**

- Q.4 From the following information, prepare a Balance Sheet of KXIP Ltd. for the year ended 31.03.2015 also determine the amount of cash balance. [17]

1. Gross Profit ₹ 60,000
2. Gross Profit Ratio 20%
3. Stock Turnover Ratio [on cost of sales] 6 times
4. Closing Stock ₹ 5,000 in excess of Opening Stock
5. Debtors Collection Period 2 months
6. Creditors Payment Period 73 days (assume 365 days in the year)
7. Fixed Assets Turnover Ratio [on cost of sales] 4.00 times
8. Capital (Net Worth) Turnover Ratio [on cost of sales] 2.00 times
9. Reserves & Surplus ₹ 20,000

Assume that there are no long term loans.

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