



Roll No.....

Plot No. 2, Knowledge Park-III, Greater Noida (U.P.) –201306

**POST GRADUATE DIPLOMA IN MANAGEMENT (2022-24)
MID-TERM EXAMINATION (TERM -IV)**

Subject Name: **Financial Statement Analysis**

Time: **01.00 hrs**

Sub. Code: **PGF42**

Max Marks: **20**

Note: All Questions are Compulsory

Q. 1: A private company is one which:

- a) Limits the number of members
- b) Restricts the transferability of shares
- c) Prohibits the public from subscribing to its securities
- d) All of these

Ans.: (d) All of these

Q. 2: Nidhi and Vidhi want to start a shop to sell Gujrati Sweets and Namkeens. They did not know how to develop the agreement for this purpose. So, they approached a consulting firm M/s TAXFINNLEGAL.Com who advised them to prepare a document which may stipulate the terms and conditions of the agreement. On the basis of given information, name the document about which the consulting firm advised Nidhi and Vidhi

- (a) Memorandum and Association
- (b) Article of Association
- (c) Partnership deed
- (d) Prospectus

Ans. (c) Partnership deed

Q. 3: The is conclusive evidence of the regularity of the incorporation of a company.

- (a) Memorandum and Association
- (b) Article of Association
- (c) Partnership deed
- (d) Certificate of Incorporation

Ans.: (d) Certificate of Incorporation

Q. 4: Which section of the Companies Act, 2013 requires that the balance sheet be prepared in the prescribed form?

- (a) Section 128
- (b) Section 130
- (c) Section 129
- (d) Section 212

Answer: (c) Section 129

Q. 5: Dividend earned by a finance company is shown in the Statement of Income as

- (a) Revenue from Operation
- (b) Other Income
- (c) Any of these
- (d) None of these

Answer: (c) Revenue from Operation

Q. 6: M/s Margo Pen Limited purchased machinery for Rs. 18,00,000. It received a dividend of Rs. 1,40,000 on investment in shares. The company also sold old machinery with a book value of Rs. 1,58,000 at a loss of Rs. 20,000. The amount of cash flow of investing activity is

- (a) Rs. 15,02,000
- (b) Rs. 15,22,000
- (c) Rs. 17,98,000
- (d) Rs. 18,18,000

Answer: (b) Rs. 15,22,000

Q. 7: Axe Limited has a balance in the Provision for Taxation account of Rs. Of Rs. 50,000 and Rs. 75,000 as on 31st March 2022 and 31st March 2023 respectively. The amount of tax paid during the year is Rs. 40,000. The amount of Provision for Taxation made during the year

- (a) Rs. 25,000
- (b) Rs. 35,000
- (c) Rs. 65,000
- (d) Rs. 85,000

Answer: (c) Rs. 65,000

Q. 8: The following information was extracted from the financial statement of Pilot Limited, the equipment was purchased on 01/04/2022 for Rs 14,00,000 (The rate of depreciation as per accounting is 10% and as per Taxation 20%). If the company tax rate is 30%, the deferred tax item that will be recorded by Pilot Limited on 31st March 2023 in which of the following

- (a) Deferred Tax Assets Rs. 14,000
- (b) Deferred Tax Liability Rs. 14,000
- (c) Deferred Tax Assets Rs. 28,000
- (d) Deferred Tax Liability Rs. 28,000

Answer: (b) Deferred Tax Liability Rs. 14,000

Q. 9: Capital WIP means

- (a) Cost incurred on fixed assets but which is not yet completed on the date of the balance sheet.
- (b) Cost incurred before installation.
- (c) Cost incurred on Fixed assets.
- (d) None of these.

Answer: (a) Cost incurred on fixed assets but which is not yet completed on the date of the balance sheet.

Q. 10: The maximum number of members in a private limited company can be

- (a) 50
- (b) 100
- (c) 150
- (d) 200

Answer: (d) 200

Problem 1: Following the Balance Sheet of Raja Mills Limited.

| Liabilities | 31.03.19 | 31.03.20 | Assets | 31.03.19 | 31.03.20 |
|------------------------|-----------------|-----------------|-------------------|-----------------|-----------------|
| Capital | 4,00,000 | 5,00,000 | Machinery | 3,00,000 | 3,38,000 |
| General Reserve | 1,00,000 | 1,20,000 | Debtors | 2,00,000 | 1,48,000 |
| P&L Accounts | 61,000 | 61,200 | Business Premises | 4,00,000 | 3,80,000 |
| Bank Loan | 1,40,000 | - | Cash | 1,000 | 27,200 |
| Creditors | 2,80,000 | 2,60,000 | Stock | 1,60,000 | 1,28,400 |
| Bills Payable | 20,000 | 10,400 | | | |
| Provision for taxation | 60,000 | 70,000 | | | |
| | 10,61,000 | 10,21,600 | | 10,61,000 | 10,21,600 |

Additional Information:

1. Dividend paid during the years. 46,000.
2. Depreciation on machinery written off Rs. 28,000.
3. Provision for taxation was made Rs. 66,000.

Refer to the above Balance Sheet and answer the following questions

Q. 11: The proposed dividend is

- (a) NIL
- (b) Rs. 46,000
- (c) Rs. Rs. 66,000
- (d) None of these

Answer: (b) Rs. 46,000

Q. 12: The amount of tax paid is

- (a) Rs. 60,000

- (b) Rs. 66,000
- (c) Rs. 56,000
- (d) Rs. 76,000

Answer: (c) Rs. 56,000

Q. 13: The total of Operating Activity is

- (a) Rs. 1,12,200
- (b) Rs. 1,60,200
- (c) Rs. 2,14,200
- (d) Rs. 1,58,200

Answer: (d) Rs. 1,58,200

Q. 14: The total of Investing Activity is

- (a) Rs. (66,000)
- (b) Rs. 20,000
- (c) Rs. (46,000)
- (d) Rs. (86,000)

Answer: (c) Rs. (46,000)

Q. 15: The total of Financing Activity is

- (a) Rs. (40,000)
- (b) Rs. (86,000)
- (c) Rs. (46,000)
- (d) Rs. (1,86,000)

Answer: (b) Rs (86,000)

Problem 2: The following is the Trial Balance given to International Hotels Ltd on 31st March 2023:

| Particulars | Amount (Dr) | Particulars | Amount (Cr) |
|-------------------------|-------------|----------------|-------------|
| Purchases | | Equity Capital | 13,05,000 |
| • Wine, Cigarettes etc. | 45,800 | | |
| • Foodstuffs | 36,200 | | |
| Wages and Salaries | 28,300 | | |
| Rent | 8,900 | | |
| Laundry | 750 | | |
| Sales | | | |
| • Wine, Cigarettes etc | | | 68,400 |
| • Foodstuffs | | | 57,600 |
| Coal and firewood | 3,290 | | |
| Carriage | 810 | | |
| Sundry expenses | 5,840 | | |
| Adverting | 8,360 | | |
| Bad debts | 4,250 | | |
| Rent of Rooms | | | 53,700 |

| | | | |
|----------------------------------|------------------|--------------|------------------|
| Miscellaneous receipts | | | 2,800 |
| Discount received | | | 3,300 |
| Transfer fee | | | 700 |
| Land & Building | 8,50,000 | | |
| Furniture and Fixtures | 86,300 | | |
| Inventory on hand, 01/04/2022 | | | |
| • Wine, Cigarettes etc | 12,800 | | |
| • Foodstuffs | 5,260 | | |
| Cash in hand | 2,200 | | |
| Cash with Bankers | 76,380 | | |
| Preliminary expenses | 8,000 | | |
| 6% Debentures | | | 2,00,000 |
| Profit & Loss Account | | | 41,500 |
| Trade Payable | | | 42,000 |
| Trade Receivable | 19,260 | | |
| Investments | 2,72,300 | | |
| Machines | 5,00,000 | | |
| General Reserve | | | 2,00,000 |
| TOTAL | 19,75,000 | TOTAL | 19,75,000 |

Other Information

1. Wages and Salaries outstanding 1,280
2. Inventory on 31st March 2023
 - Wine, Cigarettes etc 22,500
 - Foodstuffs 16,400
3. Depreciation: On Land & Building @ 2%, on Machines @ 5% and on Furniture & Fixture @ 5%.
4. Further bad debts Rs. 1,000
5. Provisions for doubtful debts @ 5%

Refer to the above trail balance and answer the following questions

Q. 16: The cost of Material Consumed is

- (a) Rs. 25,060
- (b) Rs. 36,200
- (c) Rs. 36,100
- (d) Rs. 61,160

Answer: (a) Rs. 25,060

Q. 17: Revenue from Operation is

- (a) Rs. 1,26,000
- (b) Rs. 1,79,700
- (c) Rs. 1,82,500
- (d) Rs. 1,86,500

Answer: (b) Rs. 1,79,700

Q. 18: PPE and Tangible Assets are

- (a) Rs. 14,36,300
- (b) Rs. 13,50,000
- (c) Rs. 13,08,000

(d) Rs. 13,89,985

Answer: (d) Rs. 13,89,985

Q. 19: Current Liability is

(a) Rs. 43,280

(b) Rs. 42,000

(c) Rs. 83,500

(d) Rs. 41,500

Answer: (a) Rs. 43,280

Q. 20: Trade Receivable is

(a) Rs. 19,260

(b) Rs. 20,260

(c) Rs. 18,279

(d) Rs. 17,347

Answer: (d) Rs. 17,347