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(Pages : 5)

Name.....

Reg. No.....

**THIRD SEMESTER (CBCSS—UG) DEGREE EXAMINATION  
NOVEMBER 2023**

B.B.A.

BBA 3B 04—CORPORATE ACCOUNTING

(2019—2022 Admissions)

Time : Two Hours and a Half

Maximum : 80 Marks

**Part A***Answer all the questions.*

1. What is meant by IFRS ?
2. What do you understand by convergence of Accounting Standard ?
3. What is Financial Reporting ?
4. Explain the term Recognition of Income.
5. Define the concept of Capital.
6. Distinguish between Current and Non-current Assets.
7. What do you mean accounting for Inventories ?
8. What is Consolidated Financial Statements ?
9. Differentiate the term Contingent Assets and Contingent Liabilities.
10. What is Intangible Assets ?
11. What is debenture redemption reserve ?
12. What do you mean by Financial Statements ?
13. What is Activity ratio ?

**Turn over**

14. Explain the activities of Cash flow statement.
15. What do you mean by redemption preference shares ?

(15 × 2 = 30, maximum ceiling 25 marks)

**Part B**

*Answer all questions.*

16. Explain the conditions applicable for redemption of preference shares.
17. How will you value the inventory per kg. of finished goods which consisted of : Material cost : 100 per kg. Direct labour cost : 20 per kg. Direct variable production overhead : 10 per kg. Fixed production charges for the year on normal capacity of 10000 kgs. Rs. 1,00,000. At the year end, 2000 kg. of finished goods are in stock.
18. From the following information, calculate inventory turnover ratio :
- Inventory in the beginning = 18,000
- Inventory at the end = 22,000
- Net purchases = 46,000
- Wages = 14,000
- Revenue from operations = 80,000
- Carriage inwards = 4,000.
19. Moon Limited a subsidiary of Chand Limited sold goods costing Rs. 10,00,000 to parent for Rs. 11,00,000 and all of these goods are still held in inventory at the year-end. Assume a tax rate of 40 %. Explain the deferred tax implications.
20. Aravind Ltd. acquired Anand Ltd. on April 30, 2019. The purchase consideration is Rs. 50,00,000. The fair value of the tangible assets is Rs. 45,00,000. The company estimates the fair value of "In process research projects" at Rs. 10,00,000. No other Intangible asset is acquired by P Ltd. In the transaction. Further, cost incurred by P Ltd. in relation to that research project is as follows :
- (a) Rs. 5,00,000 - as research expenses.

- (b) Rs. 2,00,000 - to establish technological feasibility.
- (c) Rs. 7,00,000 - for further development cost after technological feasibility is established.

At what amount the intangible asset should be measured under Ind AS 38 ?

21. Amal Company Ltd. had 5,000, 8 % Redeemable Preference Shares of Rs. 100 each, fully paid up. The company decided to redeem these preference shares at par by the issue of sufficient number of equity shares of Rs. 10 each fully paid up at par. You are required to pass necessary Journal Entries including cash transactions in the books of the company.
22. Dhangar Ltd has a cattle field which serves the company milk, wool etc. The livestock is carried at Fair Value. The opening fair value of livestock is Rs. 54,40,000. The closing fair value Rs. 67,33,000. Out of which Rs. 2,00,000 worth was purchased during the year. Fresh borrowings were taken at the beginning of the year to buy livestock. The total borrowings by the year end was Rs. 22,00,000 @ 12 %.
- Calculate the borrowing cost as per Ind AS - 23 and comment.
23. Workers of a company filed a suit against the accident which recently took place in the of the company. One fellow worker lost a hand in the accident. The company accepted the obligation but the workers demanded a huge amount hence the case has been filed in the court. The company is ready to go to the Supreme Court for exact compensation. The experts regarding the case suggested a compensation of Rs. 10,00,000 to be provided. It is estimated that SC will dispose off the case over 6 years. Risk free rate is 6 %. Compute the provision for the first year.

(8 × 5 = 40, maximum ceiling 35 marks)

### Part C

*Answer any two questions.*

24. You are required to prepare Balance sheet and statement of Profit and Loss from the following trial balance of SUN Chemicals Ltd. for the year ended 31<sup>st</sup> March, 2018.

**Turn over**



25. Balance sheets of ABC Ltd. as on 01-01-2020 and 31-12-2021 were as follows :

<i>Liabilities</i>	01/01/2020 Rs.	31/12/2021 Rs.	<i>Assets</i>	01/01/2020 Rs.	31/12/2021 Rs.
Creditors	40,000	44,000	Cash	10,000	7,000
Mr.A's loan	25,000	—	Debtors	30,000	50,000
Loan from bank	40,000	50,000	Stock	35,000	25,000
Capital	1,25,000	1,53,000	Machinery	80,000	55,000
			Land	40,000	50,000
			Building	35,000	60,000
<b>Total</b>	<b>2,30,000</b>	<b>2,47,000</b>	<b>Total</b>	<b>2,30,000</b>	<b>2,47,000</b>

During the year, a machine costing Rs. 10,000 [accumulated depreciation Rs. 3,000] was sold for Rs. 5,000. the provision for depreciation against machinery on 01/01/2021 was Rs. 25,000 and on 31/12/2021 it was Rs. 40,000. Net profit for the year 2021 amounted to Rs. 45,000. You are required to prepare a cash flow statement.

26. From the following information you are asked to prepare a Balance sheet :

- (1) Current liabilities 1,00,000
- (2) Reserves and surplus 50,000
- (3) Bills payable 40,000
- (4) Debtors 35,000
- (5) Current ratio 1.75
- (6) Acid test ratio 1.15
- (7) Fixed assets to proprietors fund 0.75
- (8) Ratio of fixed assets to current assets 3.

27. Briefly explain the different types of financial ratios for decision making in a Company.

(2 × 10 = 20 marks)

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(Pages : 4)

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**THIRD SEMESTER (CBCSS—UG) DEGREE EXAMINATION  
NOVEMBER 2022**

B.B.A.

BBA 3B 04—CORPORATE ACCOUNTING

(2019 Admission onwards)

Time : Two Hours and a Half

Maximum : 80 Marks

**Part A***Answer all questions.*

1. State the scope of Accounting standards.
2. State the accounting standards relates to valuation of inventories.
3. What do you mean by accounting ratios ?
4. What do you mean by profitability ratio ?
5. What are cash equivalents ?
6. What do you mean by Contingent assets ?
7. What is Sinking Fund ?
8. What is IFRS convergence ?
9. What do you mean by capital Redemption Reserve ?
10. State the treatment of inventory as per Ind AS 2.
11. What is a Cash Flow Statement ?
12. What is General Reserve ?
13. What do you mean by Redemption out of capital ?
14. From the given information, calculate Gross Margin  
Sales = 5,20,000      Sales returns = 20,000      Cost of goods sold = 4,00,000
15. What is Ex-interest ?

(15 × 2 = 30, Maximum Ceiling 25 marks)

**Part B***Answer all questions.*

16. Explain the advantages of Accounting standards.
17. Explain the scope of IFRS.

**Turn over**

18. From the following details find out : (i) Current assets ; (ii) Current Liabilities ; and (iii) Stock.

Current Ratio	..	2.5
Liquid Ratio	..	1.5
Working Capital	..	₹ 60,000

19. Manohar and Co. sells goods on cash as well as on credit. The following particulars are extracted from the books for the year 1996 :

Total Sales (including cash sales of ₹ 30,000)	1,60,000
Sales returns	10,000
Total debtors on 31/12/1996	15,000
Bills Receivable on 31/12/1996	3,000
Provision for doubtful debt on 31/12/1996	2,000
Sundry Creditors	18,000
Prepaid expenses	600

Calculate Debtors Collection period.

20. On July 1, 2017 A Ltd gave a notice of its intention to redeem its outstanding ₹ 4,00,000 4<sup>1/2</sup> % Debentures on January 1, 2018 at 102 percent and offered the holders the following options :

- 1) To apply the redemption money to subscribe for :
  - a) 6% Cum. Pref. Shares of ₹ 20 each at ₹ 22.50 per share accepted by the holders of ₹ 1,71,00,000 stock , or
  - b) 6% Debenture stock of ₹ 96% accepted by the holders of ₹ 1,44,00,000, or
- 2) To have their holdings redeemed for cash if neither of the options under (1) was accepted

You are required to show journal entries necessary to record the redemption and allotments under (1) and (2) and to state the amount of cash required to satisfy the option.

21. Compute cash from operating activities from the following details :

	2012	2013
	₹	₹
P&L A/c	1,10,000	1,20,000
Debtors	50,000	62,000
Outstanding Rent	24,000	42,000
Goodwill	80,000	76,000
Prepaid Insurance	8,000	4,000
Creditors	26,000	38,000

22. New India Ltd has sold goods worth ₹ 2,50,000 with a gross profit margin of 20%. The stock at the beginning and at the end of the year was ₹ 35,000 and ₹ 45,000 respectively. Calculate the Stock Turn Over Ratio.
23. A company has 4,000 12% redeemable Preference shares of ₹ 100 each, fully paid. The company decides to redeem the shares on December 31, 1989 at a premium of 5 percent. The company makes the following issues :
- 1,000 equity shares of ₹ 100 each at a premium of 5 %.
  - 1,000 14% debentures of ₹ 100 each.

The issue was subscribed and all the amounts were received. The redemption was duly carried out. The company has sufficient profits. Give journal entries.

(8 × 5 = 40 , maximum ceiling 35 marks)

### Part C

Answer any two questions.

24. The comparative Balance Sheets of a company are given below :

Liabilities	2015 ₹	2016 ₹	Assets	2015 ₹	2016 ₹
Share Capital	35,000	37,000	Cash	4,500	3,900
Debentures	6,000	3,000	Book debts	7,450	8,850
Creditors	5,180	5,920	Stocks	24,600	21,350
Provision for doubtful			Land	10,000	15,000
Debts	350	400	Goodwill	5,000	2,500
Profit & Loss A/c	5,020	5,280			
	51,550	51,600		51,550	51,600

Additional Information :

- Dividend paid amounted to ₹ 1,750.
- Land was purchased for ₹ 5,000 and amount provided for the amortization of goodwill amounted to ₹ 2,500.
- Debentures were repaid to the extent of ₹ 3,000.

You are required to prepare Cash Flow Statement as per AS-3.

25. Following is the Trial Balance of Dinesh Ltd. as on 31<sup>st</sup> March , 2015 :

Particulars	Credit ₹	Particulars	Debit ₹
Share Capital ( Shares of ₹ 100)	40,00,000	Premises	30,72,000
12% Debentures	30,00,000	Plant	33,00,000

Turn over



<i>Particulars</i>	Credit ₹	<i>Particulars</i>	Debit ₹
Profit & Loss A/C	2,62,500	Stock	7,50,000
Bills Payable	3,70,000	Debtors	8,70,000
Creditors	4,00,000	Goodwill	2,50,000
Sales	41,50,000	Cash in hand and at Bank	4,06,500
General Reserve	2,50,000	Calls in arrear	75,000
Prov. for bad debt as on 01-04-2014	35,000	Interim dividend Paid	3,92,500
		Purchases	18,50,000
		Preliminary Expenses	50,000
		Wages	9,79,800
		General Expenses	68,350
		Salaries	2,02,250
		Bad debts	21,100
		Debenture Interest Paid	1,80,000
	1,24,67,500		1,24,67,500

Additional Information :

- (i) Depreciate plant by 15%.
- (ii) Write off ₹ 5,000 from preliminary expenses.
- (iii) Half years debenture interest due.
- (iv) Create 5% provision on debtors for doubtful debts.
- (v) Provide for income tax @ 50%.
- (vi) Stock on 31<sup>st</sup> March, 2015 was ₹ 9,50,000.

26. The Balance Sheet of AB Ltd as on 31.12.2016 is given below :

Liabilities	Amount ₹	Assets	Amount ₹
Equity Capital	1,00,000	Fixed Assets	1,80,000
9% Preference capital	50,000	Stores	25,000
8% Debentures	50,000	Debtors	55,000
Retained earnings	20,000	B/R	3,000
Creditors	45,000	Bank	2,000
	2,65,000		2,65,000

Calculate appropriate ratios and comment on the financial position of the company.

(2 × 10 = 20 marks)

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(Pages : 6)

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**THIRD SEMESTER (CBCSS-UG) DEGREE EXAMINATION  
NOVEMBER 2021**

B.B.A.

BBA 3B 04—CORPORATE ACCOUNTING

(2019–2020 Admissions)

Time : Two Hours and a Half

Maximum : 80 Marks

**Section A**

*Answer at least ten questions.  
Each question carries 3 marks.  
All questions can be attended.  
Overall Ceiling 30.*

1. State the objectives of Accounting Standard Board.
2. State the accounting standards relating to Borrowing cost.
3. State the importance of IFRS.
4. What do you mean by Redemption by conversion ?
5. What do you mean by Capital Reserve ?
6. What is a Cash Flow Statement ?
7. What is current Ratio ?
8. What are cash equivalents ?
9. What is Ex-interest ?
10. What is redeemable Preference Shares ?
11. What do you mean by Capital Redemption Reserve ?
12. What do you mean by operating ratio ?
13. What are the points to be considered on Redemption of debentures ?
14. Give any four items included under Long-term Borrowings.
15. What are the provisions relating to Income tax according to Ind As 12 ?

(10 × 3 = 30 marks)

**Turn over**

**Section B**

*Answer at least five questions.  
Each question carries 6 marks.  
All questions can be attended.  
Overall Ceiling 30.*

16. Explain the Scope of IFRS.
17. Explain the limitations of accounting ratios.
18. On July 1, 2017 A Ltd gave a notice of its intention to redeem its outstanding Rs. 4,00,000 4 1/2% . Debentures on January 1, 2018 at 102 percent and offered the holders the following options :
- 1 To apply the redemption money to subscribe for :
    - a) 6% Cum. Pref. Shares of Rs. 20 each at Rs. 22.50 per share accepted by the holders of Rs. 1.71,00,000 stock, or
    - b) 6% Debenture stock of Rs. 96% accepted by the holders of Rs. 1,44,00,000 , or
  - 2 To have their holdings redeemed for cash if neither of the options under (1) was accepted.
- You are required to show journal entries necessary to record the redemption and allotments under (1) and (2) and to state the amount of cash required to satisfy the option.
19. A company issued Rs. 2,00,000 in 5% debentures of Rs. 100 each at par, repayable at the end of 5 years at a premium of 6%. A Sinking Fund at 4% compound interest is created for the redemption of debentures.
- You are required to prepare Sinking Fund Account and Sinking Fund Investment Account for 5 years (Rs. 1 per year at 4% compound interest amounts to Rs. 5.4163 in 5 years.
20. Following figures appeared in the Balance Sheet of Pure Products Ltd. as on 31<sup>st</sup> March 2018 :

	31-3-2017	31-03-2018
	Rs.	Rs.
Equity share capital ( Rs. 10 each)	2,90,000	3,35,000
<i>Less : calls-in-arrears</i>	3,000	1,000
	2,87,000	3,34,000
Add: Forfeited Shares A/C	8,000	4,000
	2,95,000	3,38,000
6% Preference Share Capital (Rs. 100 share)	1,00,000	50,000
Capital Reserve	7,000	17,500
Securities Premium a/c	12,000	2,000
General Reserve	1,20,000	80,000
Capital Redemption Reserve A/C	—	60,000

*Additional Information :*

- (i) During 2017-18, 4,000 new equity shares of Rs. 10 each and 500, 6% preference shares of Rs. 100 each both were issued at par and in either case there were no calls-in-arrears Preference shares are redeemable at a premium of 10%.
- (ii) Calls-in-arrears represent final call money at Rs. 2 per share.
- (iii) Reissue of forfeited shares, if made, was at Rs. 9 per share.
- (iv) Capital Reserve account balance on 31-3-2017 and 31-3-2018 indicated only profits arising out of reissue of forfeited shares.

Journalise the transactions which took place during 2017-18.

21. Manohar and Co. sells goods on cash as well as on credit. The following particulars are extracted from the books for the year 1996 :

	Rs.
Total Sales (including cash sales of Rs. 30,000) . .	1, 60,000
Sales returns . .	10,000
Total debtors on 31/12/1996 . .	15,000
Bills Receivable on 31/12/1996 . .	3,000
Provision for doubtful debt on 31/12/1996 . .	2,000
Sundry Creditors . .	18,000
Prepaid expenses . .	600

Calculate Debtors Collection period.

22. The following is the position of Current Assets and Current Liabilities of Z Ltd :

	2012	2013
	(Rs.)	(Rs.)
Provision for doubtful debts	1,000	—
Short-term Loans	10,000	19,000
Creditors	15,000	10,000
Bills Payable	20,000	40,000

The company incurred a loss of Rs. 45,000 during the year. Calculate cash from operating activities.

**Turn over**

23. From the following information, calculate debt-equity Ratio :

	Rs.
20,000 Equity shares of Rs. 10 each fully paid	2,00,000
10,000 9% Preference shares of Rs. 10 each fully paid	1,00,000
General Reserve	90,000
P/L A/C	60,000
15% Debentures	1,50,000
Preliminary Expenses	20,000

(5 × 6 = 30 marks)

### Section C

*Answer any two questions.  
Each question carries 10 marks.*

24. From the following Balance Sheet. Prepare Cash Flow Statement for the year 2018 according to AS 3 Revised

Balance Sheet of X Ltd as on 31/12/2018					
<i>Liabilities</i>	1-1-2018	31-12-2018	<i>Assets</i>	1-1-2018	31-12-2018
	(Rs.)	(Rs.)		(Rs.)	(Rs.)
Creditors	40,000	44,000	Cash	10,000	7,000
Loan from X	25,000	–	Debtors	30,000	50,000
Loan from Bank	40,000	50,000	Stock	40,000	25,000
Capital	1,25,000	1,53,000	Machinery	80,000	55,000
			Land	35,000	50,000
			Building	35,000	60,000
	2,30,000	2,47,000		2,30,000	2,47,000

During the year machine costing Rs. 10,000 with accumulated depreciation Rs. 3,000 was sold for Rs. 5,000.

25. Bluebell Ltd has a nominal capital of Rs.6,00,000 divided into shares of Rs. 10 each. The following Trial Balance was extracted from the books as on 31-12-2015 :

Particulars	Amount (Rs.)	Particulars	Amount (Rs.)
Calls-in-arrears	7,500	6% Debentures	3,00,000
Premises (Rs. 60,000 added on 1-7-2015)	3,60,000	Profit and Loss A/c (1-1-2015)	14,500
Machinery	3,00,000	Creditors	50,000
Interim dividend paid	7,500	General Reserve	25,000
Purchases	1,85,000	Share Capital (called up)	4,60,000
Preliminary expenses	5,000	Bills Payable	38,000
Freight	13,100	Sales	4,15,000
Directors fee	5,740	Reserve for bad debts	3,500
Bad debt	2,110		
4% Govt. securities	60,000		
Stock 1-1-2015	75,000		
Furniture	7,200		
Sundry debtors	87,000		
Goodwill	25,000		
Cash	750		
Bank	39,900		
Wages	84,800		
General Expenses	16,900		
Salaries	14,500		
Debenture interest	9,000		
	13,06,000		13,06,000

Turn over

Prepare final accounts for the year ending 31-12-2015 in the prescribed form after taking into account the following adjustments :

- (a) Depreciate Machinery 10% and Furniture 5%.
- (b) Write off half of the preliminary expenses.
- (c) Wages include Rs. 10,000 paid for the construction of a compound wall to the premises and no adjustment was made.
- (d) Reserve 5% for bad debt.
- (e) Transfer Rs. 10,000 to general Reserve.
- (f) Provide for income tax Rs. 25,000.
- (g) Stock on 31-12-2015 was Rs. 1,01,000.

26 The Balance Sheet of AB Ltd as on 31.12.2016 is given below :

<i>Liabilities</i>	Amount Rs.	<i>Assets</i>	Amount Rs.
Equity Capital	1,00,000	Fixed Assets	1,80,000
9% Preference capital	50,000	Stores	25,000
8% Debentures	50,000	Debtors	55,000
Retained earnings	20,000	B/R	3,000
Creditors	45,000	Bank	2,000
	2,65,000		2,65,000

Calculate appropriate ratios and comment on the financial position of the company.

(2 × 10 = 20 marks)





18. New India Ltd. has sold goods worth ₹ 2,50,000 with a gross profit margin of 20%. The stock at the beginning and at the end of the year was ₹ 35,000 and ₹ 45,000 respectively. Calculate the Stock Turn Over Ratio.
19. On July 1, 2017 A Ltd gave notice of its intention to redeem its outstanding ₹ 4,00,00,000  $4\frac{1}{2}\%$  Debenture Stock on January 1, 2018 at 102 percent and offered the holders the following options :
- (1) To apply the redemption money to subscribe for :
    - (a) 6% Cumulative Pref. Shares of ₹ 20 each at ₹ 22.50 per share accepted by the holders of Rs. 1,71,00,000 stock, or
    - (b) 6% Debenture stock of ₹ 96 % accepted by the holders of ₹ 1,44,00,000 stock, or
  - (2) To have their holdings redeemed for cash if neither of the options under (1) was accepted.
  - (3) You are required to show the journal Entries necessary to record the redemption and allotments under (1) and (2) and to state the amount of cash required to satisfy the option.
20. The following is the position of Current Assets and Current Liabilities of Z Ltd :

	2012	2013
	(₹)	(₹)
Provision for doubtful debts	1,000	—
Short-term Loans	10,000	19,000
Creditors	15,000	10,000
Bills Payable	20,000	40,000

The company incurred a loss of ₹ 45,000 during the year. Calculate cash from operating activities.

21. A company has 4,000, 12% redeemable Preference shares of ₹ 100 each, fully paid . The company decides to redeem the shares on December 31,1989 at a premium of 5 percent. The company makes the following issues :
- (a) 1,000 equity shares of ₹ 100 each at a premium of 5 %.
  - (b) 1,000 14% debentures of ₹ 100 each.

The issue was subscribed and all the amounts were received. The redemption was duly carried out. The company has sufficient profits. Give journal entries.

22. Given : Current Ratio = 2.5 ; 1, Liquid ratio = 1.5, Working Capital = 90,000.

Find out Current assets and Current Liabilities.

23. For the year ended 31<sup>st</sup> March, 2017 provision for income-tax has been made for ₹ 30,00,000. Advance payment of tax for that year amounted to ₹ 28,00,000 and tax deducted at source on income earned by the company amounted to ₹ 23,000. On December 10, 2017 the assessment was completed and tax liability was determined at ₹ 35,45,000. Advance payment of tax for the year 2017-18 was ₹34,00,000. Show the necessary accounts for the year ending 31<sup>st</sup> March, 2018 assuming ₹ 38,00,000 provision for taxation for the year ending 31<sup>st</sup> March, 2018.

(5 × 6 = 30 marks)

### Section C

*Answer any two questions.*

*Each question carries 10 marks.*

24. Following is the Trial Balance of Dinesh Ltd. as on 31<sup>st</sup> March, 2015 :

Particulars	Credit (₹)	Particulars	Debit (₹)
Share Capital (Shares of ₹ 100)	40,00,000	Premises	30,72,000
12% Debentures	30,00,000	Plant	33,00,000
Profit & Loss A/C	2,62,500	Stock	7,50,000
Bills Payable	3,70,000	Debtors	8,70,000
Creditors	4,00,000	Goodwill	2,50,000
Sales	41,50,000	Cash in hand and at Bank	4,06,500
General Reserve	2,50,000	Calls in arrear	75,000
Prov. for bad debt as on 01-04-2014	35,000	Interim dividend Paid	3,92,500
		Purchases	18,50,000
		Preliminary Expenses	50,000
		Wages	9,79,800
		General Expenses	68,350
		Salaries	2,02,250
		Bad debts	21,100
		Debenture Interest Paid	1,80,000
	1,24,67,500		1,24,67,500

Turn over

## Additional Information :

- (i) Depreciate plant by 15%.
- (ii) Write off ₹ 5,000 from preliminary expenses.
- (iii) Half years debenture interest due.
- (iv) Create 5% provision on debtors for doubtful debts.
- (v) Provide for income tax @ 50%.
- (vi) Stock on 31<sup>st</sup> March, 2015 was ₹ 9,50,000.

Prepare Profit and Loss statement and Balance Sheet as on 31<sup>st</sup> March, 2015.

25. From the following Balance Sheet, prepare Cash Flow Statement of for the year 2018 according to AS 3 Revised :—

Balance Sheet of X Ltd as on 31 /12/2018

Liabilities	1-1-2018	31-12-2018	Assets	1-1-2018	31-12-2018
	₹	₹		₹	₹
Creditors	40,000	44,000	Cash	10,000	7,000
Loan from X	25,000	--	Debtors	30,000	50,000
Loan from Bank	40,000	50,000	Stock	40,000	25,000
Capital	1,25,000	1,53,000	Machinery	80,000	55,000
			Land	35,000	50,000
			Building	35,000	60,000
	2,30,000	2,47,000		2,30,000	2,47,000

During the year machine costing ₹10,000 with accumulated depreciation ₹3,000 was sold for ₹ 5,000.

26. Following financial statement is summarized from the books of Armstrong Ltd. as on 31<sup>st</sup> March 2018 :

Capital and Liabilities	Amount (Rs.)	Property and Assets	Amount ( Rs.)
Paid-up capital	15,00,000	Fixed Assets	16,50,000
Reserves and Surplus	6,00,000	Stock-in-trade	9,10,000
Debentures (Long-term)	5,00,000	Book Debts	12,40,000
Bank overdraft	2,00,000	Investment (short-term)	1,60,000
Sundry Creditors	12,00,000	Cash	40,000
	40,00,000		40,00,000

Annual sales Rs. 74,40,000, Gross Profit Rs. 7,44,000, Bank Overdraft is payable on demand.

You are required to calculate the following Ratios for the year and comment on the financial position as revealed by these ratios :

- i) Debt Equity Ratio.
- ii) Current Ratio.
- iii) Proprietary Ratio.
- iv) G.P Ratio.
- v) Debtors Turnover Ratio.
- vi) Stock Turn over Ratio.

(2 × 10 = 20 marks)