

FINANCIAL STATEMENT OF COMPANIES

1. Which of the statements are correct?
Statement 1:- Dividends cannot be declared except out of profits.
Statement 2:- Capital cannot be returned to the shareholders by way of dividend.
 - a) Statement 1
 - b) Statement 2
 - c) Statement 1 and 2
 - d) None of the given statement

2. companies that are required to apply Accounting Standards notified under Section 133 of the Companies Act, 2013.
 - a) Division I
 - b) Division II
 - c) Division III
 - d) Division IV

3. Who all are not required to make cash flow statement
 - a) One Person Company
 - b) Small company
 - c) Dormant company
 - d) All of above

4. Y Ltd. took loan from bank for ₹ 20,00,000 to be settled within 5 years in 10 equal half yearly instalments with interest. First instalment is due on 30.09.2023 of ₹ 2,00,000. Determine the amount of loan to be classified under short-term borrowing and long-term borrowing respectively in preparation of Financial Statements of Y Ltd. for year ended 31st March, 2023.
 - a) Nil; ₹ 20,00,000
 - b) ₹ 4,00,000; ₹ 16,00,000
 - c) ₹ 20,00,000; Nil
 - d) ₹ 2,00,000; ₹ 18,00,000

5. Ankesh Ltd. is a company that is required to present its financial statements as per the Schedule III. While making ageing of trade receivables what are the first 2 classifications?
 - a) Less than 12 months , 12 months – 24 months
 - b) Less than 6 months , 6 months – 12 months
 - c) Less than 6 months , 6 months – 24 months
 - d) None of the above

6. Mukesh Ltd. is a company that is required to present its financial statements as per the Schedule III. While making ageing of trade payables what are the first 2 classifications?
 - a) Less than 12 months , 12 months – 24 months
 - b) Less than 6 months , 6 months – 12 months
 - c) Less than 6 months , 6 months – 24 months
 - d) None of the above

7. The balance of reserves after withdrawal of amount for declaration of dividend should not fall below as appearing in the latest audited financial statement.
- 25% of its paid up share capital
 - 25% of its authorised share capital
 - 15% of its paid up share capital
 - 15% of its authorised share capital
8. Good Writing Ltd. had incurred a loss of ₹ 25 crore during financial year 2023-24 up to the end of second quarter. Board of directors of Good Writing Ltd. has declared interim dividend. The rate of dividend of last 3 years are 10%, 20% and 6% respectively. What is the maximum rate of interim dividend is allowed?
- 10%
 - 20%
 - 6%
 - 12%
9. Calculate profit for the period ended on March 31, 2023 of X Ltd. from given information:-

| | Figures ₹ |
|---------------------------------------|------------|
| Revenue from operations | 53,68,000 |
| Other income | 47,000 |
| Cost of materials consumed | 19,19,000 |
| Change in inventory of finished goods | (1,50,000) |
| Employee benefit expenses | 8,50,000 |
| Finance cost | 1,75,000 |
| Provision for tax | 4,76,000 |

- ₹ 21,45,000
 - ₹ 19,95,000
 - ₹ 18,45,000
 - ₹ 26,21,000
10. Provision for gratuity is shown in the balance sheet of a company under the head
- Reserves and surplus
 - Non-current liabilities
 - Current liabilities
 - Contingent liabilities
11. State under which head unpaid matured debenture and interest accrued thereon should be classified in Balance Sheet, as per Schedule III of the Companies Act, 2013:
- Short Term Borrowings
 - Money received against share warrants
 - Other Current Liabilities
 - Long Term Borrowings
12. State under which head Bank deposits for period of 9 months should be classified in Balance Sheet, as per Schedule III of the Companies Act, 2013:
- Cash and Cash Equivalents
 - Other Non Current Assets

- c) Other Current Assets
d) None of the above
13. What is the total amount of reserve and surplus if general reserve is ₹ 15,49,100, balance of income statement is ₹ 7,00,000. Company has a balance of preliminary expenses of ₹ 93,100.
a) ₹ 21,49,100
b) ₹ 21,46,000
c) ₹ 21,56,000
d) ₹ 14,56,000
14. Board of directors declared dividend of 5% on the paid up capital on 2nd April, 2023 for the year ended on March 31, 2023. State under which head dividend should be classified in Balance Sheet, as per Schedule III of the Companies Act, 2013
a) Reserve and Surplus
b) Current Liabilities
c) Share Capital
d) None of Above
15. The balance of ₹ 7,50,000 in the Loan Account with State Finance Corporation is inclusive of ₹ 37,500 for Interest Accrued but not Due. The loan is secured by hypothecation of Plant & Machinery. How much amount is shown under Long term borrowing?
a) ₹ 7,20,000
b) ₹ 7,12,000
c) ₹ 7,50,000
d) ₹ 7,12,500
16. State under which head Unclaimed Dividend should be classified in Balance Sheet, as per Schedule III of the Companies Act, 2013:
a) Other Long term Liabilities
b) Short Term Provision
c) Other Expenses
d) Other Current Liabilities
17. Y Ltd. has incurred total expenses of ₹ 1,24,000. It includes rent, bad debts, provision for doubtful debts and directors' fees. Which of the expense will not form part of Other expenses head as Schedule III of the Companies Act, 2013?
a) bad debts
b) provision for doubtful debts
c) directors' fees
d) None of above
18. Trade payables as per Schedule III will include:
a) Dues payable in respect to statutory obligation
b) Interest accrued on trade payables.
c) Bills payables.
d) Bills receivables

19. Securities Premium Account is shown on the liabilities side in the Balance Sheet under the heading:
- Reserves and Surplus.
 - Current Liabilities.
 - Share Capital.
 - Share application money pending allotment
20. "Fixed assets held for sale" will be classified in the company's balance sheet as
- Current asset
 - Non-current asset
 - Capital work- in- progress
 - Deferred tax assets
21. Current maturities of long- term debt will come under
- Current Liabilities.
 - Short term borrowings.
 - Long term borrowings.
 - Short term provisions
22. Declaration of dividends for current year is made after providing for
- Depreciation of past years only.
 - Depreciation on assets for the current year & arrears of depreciation of past years (if any).
 - Depreciation on current year only and by forgoing arrears of depreciation of past years.
 - Excluding current year depreciation
23. Financial Statements as per Section 2(40) of the Companies Act, 2013, does not include which of the following:
- a balance sheet as at the end of the financial year,
 - a profit and loss account, or in the case of a company carrying on any activity not for profit, an income and expenditure account for the financial year;
 - cash flow statement for the financial year;
 - None of the above
24. Financial statements of a company should be prepared as per which Schedule of The Companies Act, 2013.
- Schedule I
 - Schedule II
 - Schedule III
 - None of the above
25. Contingent Liabilities are shown under which head in Books of Accounts:
- In P&L Statement after the other Expense Head
 - In Balance Sheet after the Long Term Liability
 - In Balance Sheet after the Short Term Liability
 - the contingent liabilities are shown as a footnote in the balance sheet.

Answers:

1. (c)
2. (a)
3. (d)
4. (b)
5. (b)
6. (a)
7. (c)
8. (d)
9. (a)

Explanation:

| | Figures ₹ |
|---------------------------------------|------------------|
| Revenue from operations | 53,68,000 |
| Other income | <u>47,000</u> |
| | <u>54,15,000</u> |
| Cost of materials consumed | 19,19,000 |
| Change in inventory of finished goods | (1,50,000) |
| Employee benefit expenses | 8,50,000 |
| Finance cost | 1,75,000 |
| Provision for tax | <u>4,76,000</u> |
| Profit for the year | <u>21,45,000</u> |

10. (b)
11. (c)
12. (a)
13. (c)
14. (d)
15. (d)
16. (d)
17. (d)
18. (c)
19. (a)
20. (a)
21. (b)
22. (b)
23. (d)
24. (c)
25. (d)