



Practice Set

End Semester Examination, Spring- 2026

Program: B. Com.

Semester: IV

Subject: Corporate Accounting - II

Subject Code: 32ACC207

Course Learning Objective:

The Objective of the course are classified as follows: -

CLO 1: To understand the format and components of corporate financial statements and develop the ability to prepare Profit and Loss Statements and Balance Sheets in compliance with the Companies Act and applicable accounting standards.

CLO 2: To make students able to apply the principles of cash flow and fund flow analysis by classifying transactions, preparing relevant statements, and interpreting them for effective short-term and long-term financial decision-making.

CLO 3: The students will be able to calculate and interpret key financial ratios and evaluate a firm's performance in terms of profitability, liquidity, efficiency, and solvency.

CLO 4: To understand holding and subsidiary relationships and develop the skills to prepare consolidated financial statements and analyze intercompany transactions and adjustments.

Course Outcome:

On completion of the Course, the students will be able to:

CO1: Prepare the Statement of Profit and Loss and Balance Sheet as per Companies Act and relevant accounting standards, apply corporate accounting principles, and interpret the financial position of a company.

CO2: Prepare and analyze cash flow and fund flow statements, classify financial activities, assess liquidity, working capital changes, and evaluate short- and long-term financial management.

CO3: Compute, interpret, and evaluate key financial ratios to assess the profitability, liquidity, solvency, and efficiency of a business, aiding in financial decision-making.

CO4: Understand the concept of Holding Company, prepare consolidated financial statements for holding and subsidiary companies, and analyze intercompany transactions and unrealized profits in consolidation.

UNIT I
SECTION A (10 Marks)

1. Describe the users of Financial Statements and their information needs. [CO1, Unit I, BTL – LOT, Remember]
2. Describe the format and contents of Balance Sheet as per Part I Schedule III of Companies Act, 2013. [CO1, Unit I, BTL – LOT, Remember]
3. Describe the format and contents of Statement of Profit and Loss as per Part II Schedule III of Companies Act, 2013. [CO1, Unit I, BTL – LOT, Remember]
4. Explain the nature and objectives of Financial Statement. [CO1, Unit I, BTL – LOT, Remember]
5. Dinkar Ltd. has an authorised capital of Rs. 50,00,000 divided into equity shares of Rs. 100 each. The company invited applications for 40,000 shares, applications for 36,000 shares were received. All calls were made and duly received except for 500 shares on which the final call of Rs. 20 was not received. The company forfeited 200 shares on which final call was not received. Show how share capital will appear in the balance sheet of the company. Also prepare 'Notes to Accounts' for the same. [CO1, Unit I, BTL – HOT, Evaluate]
6. Prepare a balance sheet of Black Swan Ltd., as at March 31, 2017 from the following information: [CO1, Unit I, BTL – HOT, Evaluate]

Particulars	Amount
General Reserve :	3,000
10% Debentures :	3,000
Balance in Statement of Profit and Loss :	1,200
Depreciation on fixed assets :	700
Gross Block :	9,000
Current Liabilities :	2,500
Preliminary Expenses :	300
6% Preference Share Capital :	5,000
Cash & Cash Equivalent :	6,100

7. From the given particulars of Shine and Bright Co. Ltd., as at March 31, 2017, prepare balance sheet in accordance to the Schedule III. [CO1, Unit I, BTL – HOT, Evaluate]

Particulars	Amount (₹)	Particulars	Amount (₹)
Preliminary expenses	240,000	Goodwill	30,000
10% Debentures	2,00,000	Loose Tools	12,000
Stock in trade	1,40,000	Motor vehicles	4,75,000

Cash at bank	1,35,000	Provision for tax	16,000
Bills receivables	1,20,000		

UNIT II
SECTION A (10 Marks)

8. Explain the term Cash flow statement. What are its Objectives and Benefits? [CO2, Unit II, BTL – LOT, Understand]
9. Prepare the proper format of cash flow statement. Write the treatment of proposed dividend in cash flow statement. [CO2, Unit II, BTL – LOT, Apply]
10. Explain the meaning and features of cash flows from operating activities with examples. [CO2, Unit II, BTL – LOT, Understand]
11. Describe the concept of non-cash transactions and explain why they are excluded from cash flow statements. [CO2, Unit II, BTL – LOT, Remember]
12. Describe the importance of cash flow statement in decision-making for investors and management. [CO2, Unit II, BTL – LOT, Remember]
13. Explain the advantages and limitations of the Direct Method vs Indirect Method of cash flow statement preparation. [CO2, Unit II, BTL – LOT, Understand]
14. Charles Ltd., made a profit of Rs. 1,00,000 after charging depreciation of Rs. 20,000 on assets and a transfer to general reserve of Rs. 30,000. The goodwill amortised was Rs. 7,000 and gain on sale of machinery was Rs. 3,000. Other information available to you (changes in the value of current assets and current liabilities) are trade receivables showed an increase of Rs. 3,000; trade payables an increase of Rs. 6,000; prepaid expenses an increase of Rs. 200; and outstanding expenses a decrease of Rs. 2,000. Ascertain cash flow from operating activities.

Additional Information:	March 31, 2017 (Rs.)	March 31, 2016 (Rs.)
Trade Receivables	20,00,000	40,00,000
Trade Payables	20,00,000	10,00,000
Other Expenses payable (administrative)	10,000	20,000
Prepaid Administrative Expenses	20,000	10,000
Outstanding Trading Expenses	20,000	40,000
Advance Trading Expenses	40,000	20,000
Provision for Taxation	10,00,000	12,00,000

Ascertain Cash from Operations. Show your workings clearly. [CO2, Unit II, BTL – HOT, Evaluate]

15. Compute cash from operations from the following figures: [CO2, Unit II, BTL – HOT, Evaluate]

(i) Profit for the year 2016-17 is a sum of Rs. 10,000 after providing for depreciation of Rs. 2,000.

(ii) The current assets of the business for the year ended March 31, 2016 and 2017 are as follows:

Particulars	March 31, 2016 (Rs.)	March 31, 2017 (Rs.)
Trade Receivables	14,000	15,000
Provision for Doubtful Debts	1,000	1,200
Trade Payables	13,000	15,000
Inventories	5,000	8,000
Short-term Investments	10,000	12,000
Expenses payable	1,000	1,500
Prepaid Expenses	2,000	1,000
Accrued Income	3,000	4,000
Income received in advance	2,000	1,000

16. Welprint Ltd. has given you the following information:

Machinery as on April 01, 2016	₹ 50,000
Machinery as on March 31, 2017	₹ 60,000
Accumulated Depreciation on April 01, 2016	₹ 25,000
Accumulated Depreciation on March 31, 2017	₹ 15,000

During the year, a Machine costing Rs. 25,000 with Accumulated Depreciation of ₹ 15,000 was sold for ₹ 13,000.

Calculate cash flow from Investing Activities on the basis of the above information. [CO2, Unit II, BTL – HOT, Evaluate]

SECTION B (20 Marks)

17. From the following balance sheets of X Ltd., make out the statement of cash flows:

Liabilities	2008 Rs.	2009 Rs.
Equity Share Capital	3,00,000	4,00,000
8% Preference Share Capital	1,50,000	1,00,000
General Reserve	40,000	70,000
Profit and Loss Account	30,000	48,000
Proposed Dividend	42,000	50,000
Creditors	55,000	83,000

Bills Payable	20,000	16,000
Provision for Taxation	40,000	50,000
Total	6,77,000	8,17,000
		0
Assets	Rs	Rs
Goodwill	1,15,000	90,000
Land & Buildings	2,00,000	1,70,000
		0
Plant	80,000	2,00,000
		0
Debtors	1,60,000	2,00,000
		0
Stock	77,000	1,09,000
		0
Bills Receivable	20,000	30,000
Cash in hand	15,000	10,000
Cash at Bank	10,000	8,000
Total	6,77,000	8,17,000
		0

Additional information:

- Depreciation of Rs. 10,000 and Rs. 20,000 have been charged on plant and land & buildings respectively in 2009.
- An interim dividend of Rs. 20,000 has been paid in 2009.
- Rs. 35,000 income-tax was paid during the year 2009. [CO2, Unit II, BTL – HOT, Evaluate]

18. From the following information, prepare Cash Flow Statement for Pioneer Ltd. Balance Sheet of Pioneer Ltd., as on March 31, 2017

Particulars		Amount (Rs.)	Amount (Rs.)
I. Equity and Liabilities			
1. Shareholders' Funds			
a) Share capital	1	7,00,000	5,00,000
b) Reserve and surplus	2	4,20,000	2,50,000
2. Non-current Liabilities			
Long-term borrowings: 10% Bank Load		50,000	1,00,000
3. Current Liabilities			
a) Trade Payables		45,000	50,000
b) Other current liabilities: outstanding rent		7,000	5,000
c) Short-term provisions	3	50,000	30,000
Total		12,72,000	9,35,000
		0	
II. Assets			
1. Non-current assets			
a) Fixed assets			
i) Tangible assets		5,00,000	5,00,000
ii) Intangible assets			0
b) Non-current investments		95,000	1,00,000

2. Current assets		1,00,000	0
a) Inventories			-
b) Trade receivables		1,30,000	50,000
c) Cash and cash equivalents		1,20,000	80,000
		3,27,000	2,05,000
Total		12,72,000	9,35,000
		0	0

Notes to Accounts:

	31 st March 2017 (Rs.)	31 st March 2016 (Rs.)
1. Equity share Capital	7,00,000	5,00,000
2. Reserve and Surplus		
Surplus: i.e., Balance in Statement of Profit and Loss	4,20,000	2,50,000
3. Short-term Provision		
Provision for Taxation	50,000	30,000
4. Fixed Assets		
Tangible assets		
(i) Equipments	2,30,000	2,00,000
(ii) Furniture	2,70,000	3,00,000
	5,00,000	5,00,000
5. Intangible Assets		
Patents	95,000	1,00,000
6. Cash and Cash Equivalents		
(i) Cash	27,000	5,000
(ii) Bank Balance	3,00,000	2,00,000
	3,27,000	2,05,000

Additional Information

During the year, equipment costing Rs. 80,000 was purchased. Loss on sale of equipment amounted to Rs. 5,000. Depreciation of Rs. 15,000 and Rs. 30,000 charged on equipment and furniture. Loan Rs. 50,000 was repaid on 31.03.2017. Proposed dividend for the year 2015-16 was Rs. 50,000. [CO2, Unit II, BTL – HOT, Evaluate]

19. From the following data of Prerna Limited, Prepare a Schedule of Changes in Working Capital and Funds flow Statement: [CO2, Unit II, BTL – HOT, Evaluate]

Particulars	Amount as on 31-03-2020	Amount as on 31-03-2021
Liabilities:		
Share capital	50,000	50,000
Reserves	7,000	9,000
Profit and Loss Account	8,000	6,500
Sundry Creditors	4,000	2,700

Bills Payables	600	400
Provision for Taxation	8,000	9,000
Provisions for Doubtful Debts	200	300
	77,800	77,900
Assets:		
Goodwill	6,000	5,000
Building	20,000	18,000
Plant	18,500	18,000
Investment	5,000	5,500
Stock	15,000	11,700
Sundry Debtors	9,000	9,500
Bills Receivables	1,000	2,600
Cash at Bank	3,300	7,600
	77,800	77,900

UNIT III
SECTION A (10 Marks)

20. Define Accounting Ratios. Describe their features and characteristics in detail. [CO3, Unit III, BTL – LOT, Remember]
21. Describe the limitations of Ratio Analysis and explain how they affect decision-making. [CO3, Unit III, BTL – LOT, Understand]
22. Explain the objectives of ratio analysis in financial statement interpretation. [CO3, Unit III, BTL – LOT, Understand]
23. Explain the quick (liquid) ratio and how it differs from current ratio. [CO3, Unit III, BTL – LOT, Understand]
24. Explain Profitability Ratios and discuss how they help in evaluating business performance. [CO3, Unit III, BTL – LOT, Understand]
25. From the following information calculate: [CO3, Unit III, BTL – HOT, Evaluate]
- i. Gross Profit Ratio
 - ii. Inventory Turnover Ratio
 - iii. Current Ratio
 - iv. Liquid Ratio
 - v. Net Profit Ratio
 - vi. Working Capital Ratio:

Particulars	₹
Revenue from Operations	25,20,000
Net Profit	3,60,000
Cost of Revenue from Operations	19,20,000
Long-term Debts	9,00,000

Trade Payables	2,00,000
Average Inventory	8,00,000
Liquid Assets	7,60,000
Fixed Assets	14,40,000
Current Liabilities	6,00,000
Net Profit before Interest and Tax	8,00,000

26. From the following information calculate (i) Earning per share (ii) Book value per share (iii) Dividend payout ratio (iv) Price earning ratio [CO3, Unit III, BTL – HOT, Evaluate]

Particulars	₹
70,000 equity shares of Rs. 10 each	7,00,000
Net Profit after tax but before dividend	1,75,000
Market price of a share	13
Dividend declared @ 15%	

27. The current ratio is 2 : 1. State giving reasons which of the following transactions would improve, reduce and not change the current ratio: [CO3, Unit III, BTL – HOT, Analyze]

- Payment of current liability;
- Purchased goods on credit;
- Sale of a Computer (Book value: Rs. 4,000) for Rs. 3,000 only;
- Sale of merchandise (goods) costing Rs. 10,000 for Rs. 11,000;
- Payment of unclaimed dividend.

28. X Ltd., has a current ratio of 3.5:1 and quick ratio of 2:1. If excess of current assets over quick assets represented by inventories is Rs. 24,000, calculate current assets and current liabilities. [CO3, Unit III, BTL – HOT, Evaluate]

SECTION B (20 Marks)

29. Following information is given by a company from its books of accounts as on March 31, 2025:

Particulars	₹
Inventory	1,00,000
Total Current Assets	1,60,000
Shareholders' funds	4,00,000
13% Debentures	3,00,000
Current liabilities	1,00,000
Net Profit Before Tax	3,51,000
Cost of revenue from operations	5,00,000

Calculate and interpret the following ratios: [CO3, Unit III, BTL – HOT, Evaluate]

[CO3, Unit III, BTL – HOT, Evaluate]

- Current Ratio
- Liquid Ratio
- Debt Equity Ratio
- Interest Coverage Ratio
- Inventory Turnover Ratio

30. From the following details, calculate Return on Investment:

Share Capital : Equity (Rs.10)	Rs. 4,00,000	Current Liabilities	Rs. 1,00,000
12% Preference	Rs. 1,00,000	Fixed Assets	Rs. 9,50,000
General Reserve	Rs. 1,84,000	Current Assets	Rs. 2,34,000
10% Debentures	Rs. 4,00,000		

Also calculate Return on Shareholders' Funds, EPS, Book value per share and P/E ratio if the market price of the share is Rs. 34 and the net profit after tax was Rs. 1,50,000, and the tax had amounted to Rs. 50,000. [CO3, Unit III, BTL – HOT, Evaluate]

31. Management of a company relies heavily on ratio analysis for decision-making but ignores qualitative factors like employee efficiency and brand value.

Evaluate the limitations of ratio analysis in this context. Suggest how qualitative factors can be incorporated in decision-making. [CO3, Unit III, BTL – HOT, Evaluate]

UNIT IV
SECTION A (10 Marks)

32. Define Holding Company and Subsidiary Company as per the Companies Act, 2013 and explain their features. [CO4, Unit IV, BTL – LOT, Remember]

33. Explain the need and purpose of preparing consolidated financial statements. [CO4, Unit IV, BTL – LOT, Understand]

34. Explain the concept of minority interest and its treatment in consolidated balance sheet. [CO4, Unit IV, BTL – LOT, Understand]

35. Explain the disadvantages and limitations of consolidated financial statements. [CO4, Unit IV, BTL – LOT, Understand]

36. H Ltd. acquired 80% of the shares of S Ltd. for ~ 36,000. The Balance Sheets of the two companies are as under :

Balance Sheets of H Ltd. and S Ltd. as at _____

Particulars	Not e No.	H Ltd. (₹)	S Ltd. (₹)
(1)	(2)	(3)	(4)
I. EQUITY AND LIABILITIES			
(1) Shareholders' Funds :			
(a) Share Capital Equity Share of ₹ 10 each		2,00,000	50,000
(2) Share Application Money Pending Allotment :			
(3) Non-current Liabilities :			
(a) Long-term Borrowings 10% Debentures (Secured)		40,000	---

(4) Current Liabilities :			
(a) Other Current Liabilities		60,000	20,000
TOTAL		3,00,000	70,000
II. ASSETS			
(1) Non-current Assets :			
(a) Fixed Assets			
(i) Tangible Assets - Plant and Machinery		1,90,000	40,000
(b) Non-current Investments 4,000 Equity Shares of S Ltd. @ ₹ 9 per share		36,000	---
(2) Current Assets :			
(a) Other Current Assets		74,000	30,000
TOTAL		3,00,000	70,000

Prepare Consolidated Balance Sheet with proper workings. [CO4, Unit IV, BTL – HOT, Evaluate]

37. H Ltd. acquired 80% of the shares of S Ltd. on 31.3.2016 for ₹ 48,000. The Balance Sheets of the two companies on that date are as under :

Balance Sheets of H Ltd. and S Ltd. as at 31st March, 2025

Particulars	Note No.	H Ltd. (₹)	S Ltd. (₹)
(1)	(2)	(3)	(4)
I. EQUITY AND LIABILITIES			
(1) Shareholders' Funds :			
(a) Share Capital Equity Share of ₹ 10 each		2,00,000	50,000
(b) Reserves and Surplus - General Reserve		50,000	10,000
(2) Share Application Money Pending Allotment :			
(3) Non-current Liabilities :			
(a) Long-term Borrowings 10% Debentures (Secured)		40,000	---
(4) Current Liabilities :			
(a) Short-term Borrowings			
(b) Trade Payables			
(c) Other Current Liabilities		60,000	20,000
TOTAL		3,50,000	80,000
II. ASSETS			
(1) Non-current Assets :			
(a) Fixed Assets			
(i) Tangible Assets - Plant and machinery		1,90,000	40,000
(b) Non-current Investments 4,000 Equity Shares of S Ltd @ ₹ 12 each		48,000	---
(2) Current Assets :			
(a) Other Current Assets		1,12,000	40,000
TOTAL		3,50,000	80,000

Prepare a Consolidated Balance Sheet as on 31.3.2025. [CO4, Unit IV, BTL – HOT, Evaluate]

SECTION B (20 Marks)

(4) Current Liabilities :			
(a) Short-term Borrowings		—	—
(b) Trade Payables - Creditors		15,000	15,000
TOTAL		1,72,000	50,000
II. ASSETS			
(1) Non-current Assets :			
(a) Fixed Assets			
(i) Tangible Assets			
Building at Cost		72,000	25,000
Plant and machinery (Net)		30,000	10,000
(b) Non-current Investments - 2,000 Equity Shares of S Ltd. of ₹ 10 each		25,000	-
(2) Current Assets :			
(a) Current Investments		-	-
(b) Inventories – Stock		18,000	3,000
(c) Trade Receivables – Debtors		22,000	7,000
(d) Cash and Cash Equivalents – Bank		5,000	5,000
TOTAL		1,72,000	50,000

When H Ltd. acquired 2,000 shares in S Ltd., the latter company had reserves amounting to ₹ 5,000 none of which has been distributed since then. [CO4, Unit IV, BTL – HOT, Evaluate]

Summary:

CO Wise:

CO	Ques. No	Marks
CO1	1,2,3,4,5,6,7	70
CO2	8,9,10,11,12,13,14,15,16,17,18,19	150
CO3	20,21,22,23,24,25,26,27,28,29,30,31	150
CO4	32,33,34,35,36,37,38,39	100

Unit Wise:

Unit	Ques No	Marks
I	1,2,3,4,5,6,7	70
II	8,9,10,11,12,13,14,15,16,17,18,19	150
III	20,21,22,23,24,25,26,27,28,29,30,31	150
IV	32,33,34,35,36,37,38,39	100

Blooms Taxonomy Level (BTL) Wise

BTL	Ques No	Marks
LOT	1,2,3,4,8,9,10,11,12,13,20,21,22,23,24,32,33,34,35	310
HOT	5,6,7,14,15,16,17,18,19,25,26,27,28,29,30,31,36,37,38,39	160

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Disclaimer: - This is a Practice Set. The Question in End term examination will differ from the Practice Set. This Practice Set is meant for practice only