

Financial Statements of a Company

Que 1: As per the revised schedule VI, which term is used instead of 'Sundry Debtors' in a company Balance Sheet ?

Marks :(1)

(a. Trade Debtors b. Bills Receivables c. Current Debtors d. Trade Receivables)

Ans: d. Trade Receivables

Que 2: "Financial statements are not free from limitations". Do you agree? Justify your argument.

Marks :(3)

Ans: Yes, I agree

Limitations:-

1. Do not reflect current situation
2. Bias
3. No qualitative information
4. Interim reports only

(Any 3 limitations)

Que 3: Vaisakh Ltd. Issued 8000, 12% debentures of Rs. 100 each at par but redeemable at a premium of 5% after 7 years.

a. How this item would appear in the Balance Sheet?

b. Under which head it is to be appeared?

Marks :(4)

Ans: Vaisakh Ltd.

Balance Sheet as on.....

Particulars	Note No.	Amount
1. Equity and Liabilities		
a) Long-term borrowings	1	800000
b) Other long term liabilities	2	40000
Total		840000

Notes to Accounts

Particulars	Amount
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1. Long-term borrowings 8000 debentures of 100 each	800000
2. Other Long-term liabilities Premium on redemption of debentures (8,00,000 x 5/100)	40000