

(i) Printed Pages : 7

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(ii) Questions : 14 Sub. Code : 

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**Bachelor of Business Administration (FYUP) 2<sup>nd</sup> Semester  
(2055)**

**FINANCIAL STATEMENT ANALYSIS**

**Paper : NBBA203**

**Time Allowed : Three Hours]**

**[Maximum Marks : 80**

**Note :—**(1) Attempt any **FOUR** question from Section-A. Each question carries **5** marks.

(2) Attempt **TWO** questions each from Section-B and Section-C. Each question carries **15** marks.

**SECTION—A**

1. What are financial statements ?
2. What do you mean by debt equity ratio ?
3. Prepare Comparative Statement of Profit and Loss from the following data :

Particulars	31 <sup>st</sup> March 2021 (in Rs.)	31 <sup>st</sup> March, 2020 (in Rs.)
Revenue from Operations	Rs. 4,00,000	Rs. 3,00,000
Cost of Material Consumed (% of Revenue from Operations)	60%	70%
Employee Benefit Expenses	Rs. 60,000	Rs. 20,000
Rate of Income Tax	30%	30%

4. Prepare a Common Size Statement of Profit and Loss from the following information :

Particulars	31 <sup>st</sup> March, 2021 (in Rs.)	31 <sup>st</sup> March, 2020 (in Rs.)
Revenue from Operations	2,50,000	2,00,000
Cost of Material Consumed	1,70,000	1,40,000
Finance Costs	20,000	16,000
Other Expenses	10,000	14,000
Other Income	10,000	10,000

5. Calculate current ratio, when inventory is Rs. 80,000, prepaid expenses are Rs. 2,000; quick ratio is 2.5 to 1 and current liabilities are Rs. 50,000.
6. From the following information, calculate net cash flow from financing activities :

Particulars	31 <sup>st</sup> March, 2020 (in Rs.)	31 <sup>st</sup> March, 2021 (in Rs.)
Share Capital	2,50,000	4,00,000
10% Debentures	2,00,000	1,50,000
Securities Premium	25,000	40,000

Additional Information : Interest paid on debentures Rs. 20,000.

## SECTION—B

7. Discuss the use and importance of financial statements.
8. Briefly discuss various financial statements.
9. From the following Balance Sheets of Ujala Ltd. as at 31<sup>st</sup> March 2021 and 2020, prepare a Comparative Balance Sheet :

### Balance Sheet

Particulars	Note No.	2021 (Rs.)	2020 (Rs.)
<b>I. Equity and Liabilities</b>			
Shareholders' Funds:			
Share Capital		20,00,000	10,00,000
Reserves and Surpluses		4,00,000	6,00,000
Non-current Liabilities:			
10% Loan		16,00,000	10,00,000
Current Liabilities		8,00,000	4,00,000
<b>Total</b>		<b>48,00,000</b>	<b>30,00,000</b>
<b>II. Assets</b>			
Non-current Assets:			
Tangible Assets:			
Fixed Assets		30,00,000	20,00,000
Current Assets		18,00,000	10,00,000
<b>Total</b>		<b>48,00,000</b>	<b>30,00,000</b>



10. Following are the summarized Balance Sheets of Sansar Industries Ltd. as at March 31, 2020 and 2019 :

**Balance Sheet**

Particulars	Note No.	2020 (Rs.)	2019 (Rs.)
<b>I. Equity and Liabilities</b>			
Shareholders' Funds:			
Equity Share Capital		6,00,000	4,00,000
Reserves and Surplus		3,54,000	3,12,000
Non-current Labilities:			
Debentures		1,00,000	50,000
Long term Loans on Mortgage		2,55,000	1,50,000
Current Liabilities:			
Accounts Payable		1,17,000	2,55,000
Other Current Labilities		10,000	7,000
<b>Total</b>		<b>14,36,000</b>	<b>11,74,000</b>
<b>II. Assets</b>			
Non-current Assets:			
Fixed Assets:			
Land and Buildings		1,70,000	2,70,000
Plant and Machinery		7,86,000	3,10,000
Furniture and Fixture		18,000	9,000
Other Fixed Assets		30,000	20,000
Long-term Loans		59,000	46,000

Particulars	Note No.	2020 (Rs.)	2019 (Rs.)
Current Assets:			
Cash in hand and at Bank		10,000	1,18,000
Receivables		1,90,000	2,09,000
Inventory		1,30,000	1,60,000
Prepaid Expenses		3,000	3,000
Other Current Assets		40,000	29,000
<b>Total</b>		<b>14,36,000</b>	<b>11,74,000</b>

### SECTION—C

11. What is fund flow statement ? Examine its managerial uses.
12. What is meant by ratio analysis ? Discuss its objects and limitations.
13. From the following information, make out a statement of Proprietors' Funds with as many details as possible :
  - (i) Current Ratio 2
  - (ii) Liquid Ratio 1.25
  - (iii) Proprietary Ratio  
(Fixed Assets/Proprietors' Funds) 0.60
  - (iv) Working Capital Rs. 50,000
  - (v) Reserves and Surplus Rs. 25,000
  - (vi) Bank Overdraft Rs. 10,000
  - (vii) There is no long term loan or fictitious assets.

14. The following is the summarized Balance Sheet of Mridul Ltd. as on 31<sup>st</sup> March, 2021 :

Particulars	31 <sup>st</sup> March 2021 (Rs.)	31 <sup>st</sup> March 2020 (Rs.)
<b>I. Equity and Liabilities</b>		
Shareholders' Funds:		
Share Capital	50,000	40,000
Reserves and Surplus:		
General Reserve	15,000	10,000
Statement of Profit and Loss	15,000	10,000
Non-current Liabilities:		
10% Debentures	20,000	20,000
Current Liabilities:		
Trade payables (Sundry Creditors)	3,000	1,500
Tax Provision	5,000	4,000
<b>Total</b>	<b>1,08,000</b>	<b>85,500</b>
<b>II. Assets</b>		
Non-current Assets:		
Fixed Assets	70,000	50,000
Less: Provision for Depreciation	(20,000)	(15,000)
Long-term Investments	18,000	20,000
Current Assets:		
Inventories	10,000	15,000
Trade Receivables	20,000	12,000
Cash and Cash Equivalents	9,500	2,500
Underwriting Commission	500	1,000
<b>Total</b>	<b>1,08,000</b>	<b>85,500</b>

The following transactions took place during the year 2020-21 :

- (a) Dividend paid Rs. 4,000 and Income Tax paid Rs. 5,000.
- (b) Profit on sale of investments amounted to Rs. 1,000.
- (c) A fixed asset (cost Rs. 5,000 on which accumulated depreciation Rs. 4,000) was sold for Rs. 2,000.

You are required to prepare a Fund Flow Statement and a Statement Showing Changes in Working Capital.