(i) Printed Pages : 7 Roll No. ....

(ii) Questions : 14 **Sub. Code :** | 1 | 3 | 0 | 2 | 3 |

Exam. Code : | 5 | 0 | 3 | 2 |

Bachelor of Business Administration (FYUP) 2nd Semester (2056)

FINANCIAL STATEMENT ANALYSIS

Paper : NBBA203

Time Allowed : Three Hours] **[Maximum Marks : 80**

Note :— (1) Attempt **four** short answer type questions from Section-A. Attempt **two** questions each from Section-B and Section-C respectively.

(2) Use of Non-Programmable Calculator in the Examination Hall is allowed.

SECTION–A

1. What is Owner's Equity?

2. What is Ratio analysis?

3. What is Trend analysis?

4. The following information of a company is given:

   Current Ratio = 2.5, Acid Test Ratio = 1.5,

   Current Liability = Rs. 50,000

   Find out: Current Assets, Liquid Assets, Inventory

5. Calculate Funds from Operations from the information given below as on 31st March, 2021:

(i) Net profit after appropriations for the year ended 31st March 2021, Rs. 6,50,000.

(ii) Gain on the sale of building Rs. 35,500.

(iii) Goodwill appears in the books at Rs. 1,80,000 out of that 10 per cent has been written off during the year.

(iv) Old machinery worth Rs. 8,000 has been sold for Rs. 6,500 during the year.

(v) Rs. 1,25,000 have been transferred to the General Reserve Fund.

(vi) Depreciation has been provided during the year on machinery and furniture at 20% whose total cost is Rs. 6,50,000.

6. Calculate net cash flows from investing activities from the following information:

	31.3.2020	31.3.2021
	Rs.	Rs.
Buildings (w.d.v.)	6,00,000	7,50,000

Additional Information:

(i) Building costing Rs. 1,00,000 on which Rs. 30,000 had accumulated depreciation was sold for Rs. 60,000.

(ii) Depreciation charged on buildings for the year ended 31.3.2021 Rs. 50,000. 5×4=20

SECTION–B

7. What are the different methods used for the analysis and interpretation of financial statements?

8. Discuss the uses and limitations of Financial Statements.

9. Convert the following Balance Sheets into common-size balance sheet and interpret the results.

Balance Sheets

As on 31st March 2021 and 2020

Particulars	Note No.	2021 (Rs.)	2020 (Rs.)
I. Equity and Liabilities			
Shareholders' Funds:			
Equity shares capital		1,200	1,000
Reserves and surplus:			
Capital Reserves		185	90
General Reserves		450	500
Sinking Fund		100	90
Non-current Liabilities:			
10% Debentures		650	450
Current Liabilities			
Sundry Creditors		150	200
Others		20	15
Total		**2,755**	**2,345**
II. Assets			
Non-current Assets			
Tangible Fixed Assets:			
Buildings less depreciation		1,400	800
Land		345	198
Furniture and Fixture		105	77
Current Assets			
Debtors		390	450
Cash		15	200
Stock		250	320
Investments		250	300
Total		**2,755**	**2,345**

10. The Balance Sheets of Srividya Ltd. as at 31-3-2021 and 2020 are given below:

Balance Sheets

Particulars	31.3.2021 (Rs.)	31.3.2020 (Rs.)
I. Equity and Liabilities		
Shareholders' Funds		
Share Capital:		
Equity Share Capital	12,00,000	6,00,000
Preference Share Capital	9,00,000	5,00,000
Reserves and Surplus:		
Reserve Fund	5,00,000	4,00,000
Profit and Loss Balance	3,00,000	2,00,000
Non-current Liabilities:		
Long-term Loans	5,00,000	2,00,000
Current Liabilities:		
Trade Payables (Creditors)	3,00,000	1,00,000
Total	**37,00,000**	**20,00,000**
II. Assets		
Non-Current Assets:		
Fixed Assets (Gross)	28,00,000	15,00,000
Less: Depreciation	(8,00,000)	(5,00,000)
Investments	5,00,000	4,00,000
Current Assets		
Inventories	6,50,000	4,50,000
Accounts Receivables	4,00,000	1,00,000
Cash	1,50,000	50,000
Total	**37,00,000**	**20,00,000**

You are required to comment on the financial position of the business with the help of Comparative Balance Sheet technique.

15×2=30

SECTION-C

11. Define Cash Flow Statement. Distinguish between fund flow and cash flow.

12. Discuss in detail the procedure of making a fund Flow Statement with suitable example.

13. From the following details, make out the Balance Sheet with as details as possible:

(i)	Stock Velocity	=	6
(ii)	Capital Turnover Ratio	=	2
(iii)	Fixed Assets Turnover	=	4
(iv)	Gross Profit Turnover Ratio	=	20%
(v)	Debtors Velocity	=	2 months
(vi)	Creditors Velocity	=	73 days

The gross profit was Rs. 60,000. Reserve & surplus amount to Rs. 20,000. Closing stock was Rs. 5,000 in excess of opening stock.

14. From the following particulars, prepare a Cash Flow Statement for the year ended 31st March, 2021:

(i) Total sales for the year were Rs. 20,50,000 out of which cash sales amounted to Rs. 14,20,000.

(ii) Total purchases for the year were Rs. 15,30,000 out of which cash purchases totalled Rs. 10,20,000.

(iii) Cash collected from credit customers during the year amounted to Rs. 4,80,000.

(iv) Cash paid to suppliers of goods on credit was Rs. 4,50,000.

(v) Depreciation for the year was Rs. 40,000 whereas salaries and other expenses amounted to Rs. 1,80,000, out of which Rs. 20,000 are outstanding.

(vi) Redeemable preference shares of the face value of Rs. 1,00,000 were redeemed during the year at a premium of 10%.

(vii) Income tax paid Rs. 80,000.

(viii) New machinery was purchased for Rs. 30,000 on 1st January, 2021.

(ix) Rs. 25,000 was paid as dividend for the year ended 31st March, 2020.

(x) Equity shares of the face value of Rs. 2,00,000 were issued at a premium of 5% during the year.

(xi) The balance of cash and bank as on 1st April, 2020 was Rs. 85,000. 15×2=30