Reg. No. \_\_\_\_\_\_\_\_\_\_\_\_\_



**End Semester Examination – Nov / Dec – 2019**

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|  |  |  |  |
| **Code :** | **17BC2018** | **Duration :** | **3hrs** |
| **Sub. Name :** | **FINANCIAL STATEMENT ANALYSIS** | **Max. Marks :** | **100** |

**ANSWER ALL QUESTIONS (5 x 20 = 100 Marks)**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Q. No.** | **Sub Div.** | **Questions** | **Course**  **Outcome** | | **Marks** |
| 1. |  | Explain the term Financial Statements. Discuss the various users of financial statements. | CO6 | | 20 |
| **(OR)** | | | | | |
| 2. |  | Identify and elaborate various techniques used to analyse the financial statements. | CO6 | | 20 |
|  |  |  |  | |  |
| 3. |  | From the following figures extracted from the Annual Report of a Pentagon Ltd, prepare a Common size income statement and a Common Size Balance Sheet.   |  |  |  |  | | --- | --- | --- | --- | | **Details** | **2005** | **2006** | **2007** | | Sales Revenue | 950 | 1000 | 1200 | | Cost of Materials | 200 | 250 | 150 | | Labour cost | 175 | 150 | 200 | | Other conversion cost | 175 | 140 | 150 | | Total Manufacturing cost | 550 | 540 | 500 | | Gross Profit | 400 | 460 | 700 | | Operating Expenses | 180 | 200 | 300 | | Profit | 220 | 260 | 400 | | BALANCE SHEET | | | | | CO4 | | 20 |
|  |  | |  |  |  | | --- | --- | --- | | **Assets** | **2005** | **2006** | | Cash | 27000 | 31500 | | Debtors | 220000 | 211000 | | Stock | 100000 | 126000 | | Prepaid expenses | 11000 | 21000 | | Bills Receivable | 10000 | 10500 | | Fixed Assets | 635000 | 650000 | | **Total** | **1003000** | **1050000** | |  |  |  | | **Liabilities & Capital** |  |  | | Share capital | 658000 | 700000 | | Long term debt | 225000 | 200000 | | Sundry Creditors | 42000 | 50000 | | Other Liabilities | 78000 | 100000 | | **Total** | **1003000** | **1050000** | |  | |  |
| **(OR)** | | | | | |
| 4. |  | Explain in detail the Regional / Cross Border and Sectoral Analysis of Financial statements. | CO4 | | 20 |
|  |  |  |  | |  |
| 5. |  | From the following statements of Blue Metals Ltd., for the year ending 31st March 2017 you are required to calculate the following ratios:   1. Current Ratio 2. Quick Ratio 3. Operating Ratio 4. Stock Turnover Ratio 5. Fixed Assets Turnover Ratio 6. Debtors Turnover Ratio 7. Net Profit to Capital Employed   BALANCE SHEET   |  |  |  |  | | --- | --- | --- | --- | | Liabilities | Rs | Assets | Rs. | | Share Capital | 5,00,000 | Land & Buildings | 5,00,000 | | General Reserve | 4,00,000 | Pland& Machinery | 2,00,000 | | P&L a/c | 1,50,000 | Stock | 1,50,000 | | Sundry Creditors | 2,00,000 | Debtors | 2,50,000 | |  |  | Cash | 1,50,000 | |  | **12,50,000** |  | **12,50,000** |   PROFIT & LOSS ACCOUNT   |  |  |  |  | | --- | --- | --- | --- | | Particulars | Rs. | Particulars | Rs. | | To Opening Stock | 2,50,000 | By Sales | 18,00,000 | | To Purchases | 10,50,000 | By Closing Stock | 1,50,000 | | To Gross Profit | 6,50,000 |  |  | |  | 19,50,000 |  | 19,50,000 | | To Selling & Distribution exp | 1,00,000 | By Gross Profit | 6,50,000 | | To Admin Exp | 2,30,000 | By Profit on sale of Fixed Asset | 50,000 | | To Finance Exp | 20,000 |  |  | | To Net Profit | 3,50,000 |  |  | |  | **7,00,000** |  | **7,00,000** | | CO5 | | 20 |
| **(OR)** | | | | | |
| 6. |  | Enumerate and explain which financial ratios will be of interest to the following. | CO5 | | 20 |
| i) Potential Investors for a Company. |  | |  |
| ii) Company’s Own Management. |  | |  |
|  |  |  |  | |  |
| 7. |  | Green Channel Exports Ltd., present the following financial statements for 2015 and 2016. Prepare sources and applications of funds statement and evaluate your findings.   |  |  |  | | --- | --- | --- | | **Assets** | **2015** | **2016** | | Cash | 1,06,000 | 62,000 | | Investments | 1,74,000 | - | | Sundry Debtors | 6,92,000 | 10,56,000 | | Stock | 8,64,000 | 13,66,000 | | Net Fixed Assets | 22,26,000 | 27,96,000 | |  |  |  | | **Total** | **40,62,000** | **52,80,000** | |  |  |  | | **Liabilities** | **2015** | **2016** | | Sundry Creditors | 8,26,000 | 12,54,000 | | Bills Payable | 4,52,000 | 6,28,000 | | Loan from Bank | 2,00,000 | 4,70,000 | | Reserves & Surplus | 13,84,000 | 17,28,000 | | Share Capital | 12,00,000 | 12,00,000 | |  |  |  | | **Total** | **40,62,000** | **52,80,000** | | CO5 | | 20 |
|  |  | Depreciation of Rs. 378000 was written off for 2016 on fixed assets. |  | |  |
| **(OR)** | | | | | |
| 8. |  | Discuss the Accounting Scam that you are familiar with. Illustrate your answer. | | CO6 | 20 |
|  | | **Compulsory**: | |  |  |
| 9. |  | HoneyWell Ltd Presents you the following Balance Sheets on 31st December 2017 and 2018.   |  |  |  |  |  |  | | --- | --- | --- | --- | --- | --- | | **Liabilities** | **2017** | **2018** | **Assets** | **2017** | **2018** | | Share Capital | 70000 | 74000 | Bank | 9000 | 17800 | | Bonds | 12000 | 6000 | Accounts Receivable | 14900 | 17700 | | Accounts Payable | 10360 | 11840 | Inventories | 49200 | 32700 | | Provision for Doubtful Debts | 700 | 800 | Land | 20000 | 30000 | | Reserves & Surplus | 10040 | 10560 | Goodwill | 10000 | 5000 | | Total | 103100 | 103200 | Total | 103100 | 103200 | | | CO5 | 20 |
| Following additional information has also been supplied by you. | |  |  |
| i) Dividends amounting to Rs. 3500 were paid during the year 2018. | |  |  |
| ii) Land was purchased for Rs. 10000. | |  |  |
| iii) Rs.5000 were written off on accounts of Goodwill during the year. | |  |  |
| iv) Bonds of Rs. 6000 were paid during the course of the year. | |  |  |
| Prepare Cash Flow Statement as per IFRS frame work. | |  |  |