

Vidya Vikas Mandal's
Shree Damodar College of Commerce & Economics, Margao-Goa
FYBBA, Term-III End Term Assessment-April 2023

BBCB012: Financial Statement Analysis 1

Duration: 90 mins

Maximum Marks:25

Instructions:

1. Start each question on fresh page.
2. Figures to the right indicate maximum marks.

Q1) Sahara United is plastic manufacturing company. Its financial statements for two years are as follows: Balance Sheet (Rs in crore) as on 31st March 2018

Particulars	2018	2017
Assets		
• Non-Current Assets	600	550
○ Property, plant and equipment	500	450
○ Investments	50	40
○ Long term loans and advances	50	60
• Current Assets	400	350
○ Inventories	20	30
○ Investments	160	140
○ Trade receivables	140	120
○ Cash and cash equivalents	60	50
○ Loans	20	20
Total Assets	1000	900
Equity and Liabilities		
• Shareholders' funds	500	450
○ Share capital	100	100
○ Other equity	400	350
• Non-current liabilities	300	270
○ Long term borrowings	50	45
○ Deferred tax liabilities	50	45
○ Long term provisions	50	45
• Current liabilities	200	180
○ Short term borrowings	40	30
○ Trade payables	120	110
○ Other current liabilities	30	30
Total liabilities	1000	900

Profit and Loss Account as on 31st March 2018 (Rs in crore)

Particulars	2018	2017
• Revenues from operations	2390	2172
• Other income	10	8
• Total income	1300	1180
• Cost of goods sold	500	400
Expenses		
• Wages and salaries	200	180
• Material expenses	600	560
• Financing cost	30	25
• Depreciation and amortisation expenses	50	45
• Other expenses	240	210
Total expenses	1120	1020
• Profit before exceptional items and tax	180	160
Exceptional items	-	-
• Profit before interest and tax	180	160
• Financing cost(interest)	10	15
• Profit before tax	170	145
• Tax	50	40
• Profit after tax	120	105
• Dividends	80	-
• Retained earnings	40	30

From the above financial statements calculate the following ratios for the year 2018 and 2017 respectively.:

- Current ratio,
- Acid test ratio,
- Inventory turnover ratio,
- Total asset turnover ratio,
- Return on assets,
- Interest coverage ratio
- Gross profit margin ratio.

(8 marks)

Q2) Financial Accounting is based on basic concepts that are also referred as postulates or conventions. What do you understand by the Stable Monetary Unit Concept in accounting?

(2 marks)

Q3) Given below is a Balance Sheet of Eldofen Pvt Ltd as on 31st March 2018(Rs in crore).
Construct a Common Size statement of the entries given below in the Balance Sheet.

(5 marks)

Particulars	2018	2017
	Rs.	Rs.
Assets		
• Non-Current Assets	200	180
○ Property, plant and equipment	150	100
○ Investments	50	80
• Current Assets	600	400
○ Inventories	200	300
○ Cash and cash equivalents	300	50
○ Loans	100	50
Total Assets	800	580
Equity and Liabilities		
• Shareholders' funds	200	280
○ Share capital	100	150
○ Other equity	100	130
• Non-current liabilities	200	200
○ Long term borrowings	80	100
○ Long term provisions	20	100
• Current liabilities	400	100
○ Short term borrowings	250	50
○ Trade payables	150	50
Total Liabilities	800	580

Q4) Brijesh is a small business owner seeking to improve his company's cash flow management. What information will Brijesh derive by analysing the operating, investing, and financing activities reported in the company's cash flow statement to evaluate its overall financial health and performance? Explain in detail.

(5 marks)

Q5) The following is the P&L statement of BlueShade Enterprises. You are required to prepare a Comparative P&L statement using the data given. (5 marks)

Particulars	2022	2021
• Revenues from operations	500	300
• Other income	50	30
Total revenue	550	330
Expenses		
• Wages and salaries	300	150
• Material expenses	600	400
• Financing cost	30	40
• Depreciation and amortisation expenses	50	30
• Other manufacturing expenses	240	150
Total expenses	1220	770
• Profit before exceptional items and tax	180	160
Exceptional items	-	-
• Profit before interest and tax	180	160
• Financing cost(interest)	10	15
• Profit before tax	170	145
• Tax	50	40
• Profit after tax	120	105
