

**Vidya Vikas Mandal's**  
**Shree Damodar College of Commerce & Economics, Margao-Goa**  
**FY B.Com, Semester-II, Supplementary Examination June 2023**  
**Financial Statement Analysis & Interpretation (CC 6)**

**Duration: 2hrs**

**Max Marks: 80**

**Instructions:**

- i. Q.1 is compulsory.
- ii. Answer any three from Q.2 to Q.6.
- iii. Start each question on fresh page.
- iv. Figures to the right indicate maximum marks.
- v. Working notes form the part of the answer and carries marks.

**Q.1)** Tech Co. furnishes the following Trial Balance of as on 31/03/2023

Particulars	Debit	Credit
80,000 Equity Shares of Rs. 10/- each		8,00,000
12% Debentures		6,00,000
Profit & Loss A/c (Balance as on 1/4/2022)		52,500
Bills Payable		74,000
Sundry Creditors		80,000
Sales		8,30,000
Sinking Fund		50,000
Provision for Doubtful Debts		7,000
Property	6,14,400	
Machinery	6,60,000	
Opening Stock of Finished Goods	1,50,000	
Sundry Debtors	1,74,000	
Copyrights	50,000	
Cash & Bank Balance	96,300	
Interim Dividend	78,500	
Purchase	3,70,000	
Share Issue Expenses	10,000	
Salaries	1,95,960	
General Expenses	13,670	

Advertisement Expenses	40,450	
Bad Debts	4,220	
Interest on Debentures	36,000	
	24,93,500	24,93,500

Additional Information:

1. Authorised Capital of the Company is 1,00,000 equity shares of Rs. 10 each.
2. Write off Share Issue Expenses fully.
3. Stock of finished goods on 31/03/2022 is Rs. 1,90,000.
4. Create provision for doubtful debts @ 5% on sundry debtors.
5. Provide Rs. 36,000 for Income Tax.
6. Depreciate Machinery @ 15% p.a.

From the above information prepare statement of Profit and Loss for the year ended 31/03/2023 & Balance Sheet as on that date. (20 Marks)

Q.2) Following is the Trading and P&L A/c of Caketreats Co. For the years ended 31<sup>st</sup> March 2022 and 2023.

#### Trading and P&L Account

Particulars	2022	2023	Particulars	2022	2023
To Opening Stock	10,50,000	6,00,000	By Sales	33,00,000	36,00,000
To Purchases	21,00,000	27,00,000	By Closing Stock	6,00,000	9,00,000
To wages	1,50,000	3,00,000			
To Gross Profit c/d	6,00,000	9,00,000			
	39,00,000	45,00,000		39,00,000	45,00,000
To Office Expenses	3,00,000	3,75,000	By gross profit b/d	6,00,000	9,00,000
To Selling Expenses	1,50,000	3,00,000			
To Finance Expense	60,000	90,000			
To Net Profit c/d	90,000	1,35,000			
	6,00,000	9,00,000		6,00,000	9,00,000

Prepare a Comparative Income Statement from the above in vertical form and Interpret.

(20 Marks)



Q.3) Greenfunds Ltd. furnishes the following statements for the year ended 1<sup>st</sup> March 2023.

**Balance Sheet as on 31<sup>st</sup> March 2023**

Equity & Liabilities	Amt. (Rs.)	Assets	Amt. (Rs.)
Equity Share Capital (Rs. 10 each)	1,00,00,000	Property, Plant & Equipment (At Cost)	2,50,00,000
8% Preference Share Capital	50,00,000	Less: Depreciation	35,00,000
Reserves & Surplus	10,00,000	Net Block	2,20,00,000
Profit & Loss A/c	30,00,000	Long Term Investments	27,50,000
12% Debentures	60,00,000	Debtors (P.Y. Rs. 30,00,000)	40,00,000
13% Long Term Loans	30,00,000	Stock (P.Y. Rs. 45,00,000)	60,00,000
Creditors (P.Y. Rs. 45,00,000)	40,00,000	Bank Balance	10,00,000
Accrued Expenses	5,00,000	Prepaid Expenses	2,50,000
Bank Overdraft	35,00,000	Advance Income Tax	12,50,000
Provision for Income Tax	15,00,000	Preliminary Expenses	2,50,000
	<b>3,75,00,000</b>		<b>3,75,00,000</b>

**Profit & Loss A/c for the year ended 31<sup>st</sup> March 2023**

Particulars	Amt. (Rs.)	Particulars	Amt. (Rs.)
To Cost of Goods Sold	3,15,00,000	By Cash Sales	1,50,00,000
To Gross Profit c/d	1,35,00,000	By Credit Sales	3,00,00,000
	<b>4,50,00,000</b>		<b>4,50,00,000</b>
To Administrative Expenses	45,00,000	By Gross Profit b/d	1,35,00,000
To Selling Expenses	35,00,000		
To Interest Charges	11,10,000		
To Provision for Income Tax	15,00,000		
To Net Profit c/d	28,90,000		
	<b>1,35,00,000</b>		<b>1,35,00,000</b>
To Transfer to Reserves	3,90,000	By Balance b/f	5,00,000
To Balance c/f	30,00,000		
	<b>33,90,000</b>		<b>33,90,000</b>

The company has a short term provision for dividend of Rs. 15,00,000. You are required to calculate the following financial ratios and interpret the same:

- i) Current Ratio
- ii) Net Profit After Tax (NPAT) Ratio
- iii) Return on Capital Employed
- iv) Debt Service Ratio
- v) Stock Turnover Ratio
- vi) Creditors Turnover Ratio
- vii) Debtors Turnover Ratio

(Note: Preparation of financial statements in vertical format is not required) **(20 Marks)**

**Q.4)** Oceansands & Co. furnishes you the following financial statements in Horizontal format. You are required to prepare Common Size statements in vertical format (in the format as per Revised Schedule III, Company's Act 2013) and Interpret the same.

**Balance Sheet as on 31<sup>st</sup> December 2022**

Equity & Liabilities	Amt. (Rs.)	Assets	Amt. (Rs.)
Share Capital:		Land	50,000
Equity Share Capital	25,000	Less: Depreciation	3,750
12% Preference Share Capital	12,500		46,250
Reserves & Surplus	8,750	Short Term Investments	10,000
10% Debentures	12,500	Inventory	8,750
Bills Payable	3,750	Sundry Debtors	7,500
Sundry Creditors	5,000	Cash in Hand	2,500
Outstanding Expenses	2,500		
Provision for Taxation	5,000		
	75,000		75,000

**Profit & Loss A/c for the year ended 31<sup>st</sup> December 2022**

Particulars	Amt. (Rs.)	Particulars	Amt. (Rs.)
To Opening Stock of Raw	7,500	By Sales	75,000



Materials			
To Purchases	45,000	By Closing Stock of Raw Materials	8,750
To Expenses:			
Printing Expenses	6,250		
Packaging Charges	7,500		
Interest on Debentures	1,250		
To Depreciation	3,750		
To Provision for Taxation	5,000		
To Net Profit c/d	7,500		
	83,750		83,750

(20 Marks)

Q.5) Wonderla ltd. Provides you with the following comparative Balance Sheets for the year ending 31<sup>st</sup> March 2022 and 31<sup>st</sup> March 2023.

	2022 Amt. (Rs.)	2023 Amt. (Rs.)
Liabilities		
Bills Payables	66,000	80,000
Outstanding Expenses	7,000	9,000
Debentures	80,000	70,000
Equity Share Capital	4,00,000	4,00,000
Profit & Loss A/c	47,000	1,04,000
Provision for Doubtful Debts	4,000	6,000
Accumulated Depreciation: Furniture	6,000	15,000
Property	24,000	36,000
	6,34,000	7,20,000
Assets		
Cash	86,000	1,16,000
Prepaid Expenses	4,000	4,000
Bills Receivables	1,60,000	1,80,000

Inventory	64,000	80,000
Investments	1,00,000	60,000
Furniture (at cost)	50,000	80,000
Property (at cost)	1,50,000	1,80,000
Equipment	20,000	20,000
	<b>6,34,000</b>	<b>7,20,000</b>

Additional Information:

- Dividend Paid during 2023 was Rs. 53,000.
- Investments Costing Rs. 40,000 were sold in 2023 for Rs. 50,000.
- Furniture costing Rs. 10,000 on which Rs. 2,000 depreciation has been accumulated, was sold for Rs. 12,000 in the year 2023.

Prepare a Cash Flow Statement for the year 2023.

(20 Marks)

**Q.6)** Answer ANY FOUR of the following in 200-250 words each. (4 x 5 Marks = 20 Marks)

- Explain any five parties interested in Financial Statement Analysis.
- Describe any five features of Trend Analysis.
- Explain any five advantages of Economic Value Added.
- What are the objectives of Cash flow Statements?
- What are the uses of Comparative Statements?