

Vidya Vikas Mandal's
Shree Damodar College of Commerce & Economics, Margao-Goa
FY B.Com, Semester-II, Semester End Examination, April-May 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) Following is the Trial Balance of Amity Ltd as on 31/03/2022

Particulars	Debit	Credit
4,00,000 Equity Shares of Rs. 10/- each		40,00,000
12% Debentures		30,00,000
Profit & Loss A/c (Balance as on 1/4/2017)		2,62,500
Bills Payable		3,70,000
Creditors		4,00,000
Sales		41,50,000
General Reserve		2,50,000
Provision for Doubtful Debts		35,000
Premises	30,72,000	
Plant & Machinery	33,00,000	
Opening Stock of Finished Goods	7,50,000	
Debtors	8,70,000	
Goodwill	2,50,000	
Cash & Bank Balance	4,81,500	
Interim Dividend	3,92,500	
Purchase of Finished Goods	18,50,000	
Share Issue Expenses	50,000	
Salaries	9,79,800	
General Expenses	68,350	
Advertisement Expenses	2,02,250	

Bad Debts	21,100	
Interest on Debentures	1,80,000	
	12,467,500	12,467,500

Additional Information:

1. Authorised Capital of the Company is 5,00,000 equity shares of Rs. 10 each.
2. Write off Share Issue Expenses fully.
3. Stock of finished goods on 31/03/2022 is Rs. 9,50,000.
4. Create provision for doubtful debts @ 5% on debtors.
5. Provide Rs. 1,80,000 for Income Tax.
6. Depreciate Plant & Machinery @ 15% p.a.

From the above information prepare statement of Profit and Loss for the year ended 31/03/2022 & Balance Sheet as on that date of Amity Ltd. (20 Marks)

Q.2) Following is the Trading and P&L A/c of Suez Ltd. For the years ended 31st March 2022 and 2023.

Trading and P& L Account

Particulars	2022	2023	Particulars	2022	2023
To Opening Stock	3,50,000	2,00,000	By Sales	11,00,000	12,00,000
To Purchases	7,00,000	9,00,000	By Closing Stock	2,00,000	3,00,000
To wages	50,000	1,00,000			
To Gross Profit c/d	2,00,000	3,00,000			
	13,00,000	15,00,000		13,00,000	15,00,000
To Office Expenses	1,00,000	1,25,000	By gross profit b/d	2,00,000	3,00,000
To Selling Expenses	50,000	1,00,000			
To Finance Expense	20,000	30,000			
To Net Profit c/d	30,000	45,000			
	2,00,000	3,00,000		2,00,000	3,00,000

Prepare a Comparative Income Statement from the above in vertical form and interpret the same. (20 Marks)

Q.3) Sunnys & Co. furnishes the following statements for the year ended 31st March 2023.

Balance Sheet as on 31st March 2023

Equity & Liabilities	Amt. (Rs.)	Assets	Amt. (Rs.)
Equity Share Capital (Rs. 10 each)	20,00,000	Property, Plant & Equipment (At Cost)	50,00,000
6% Preference Share Capital	10,00,000	Less: Depreciation	(6,00,000)
Reserves & Surplus	2,00,000	Net Block	44,00,000
Profit & Loss A/c	6,00,000	Long Term Investments	5,50,000
12% Debentures	12,00,000	Debtors (P.Y. Rs.6,00,000)	8,00,000
13% Long Term Loans	6,00,000	Stock (P.Y. Rs. 9,00,000)	12,00,000
Creditors (P.Y. Rs. 9,00,000)	8,00,000	Bank Balance	2,00,000
Accrued Expenses	1,00,000	Prepaid Expenses	50,000
Bank Overdraft	7,00,000	Advance Income Tax	2,50,000
Provision for Income Tax	3,00,000	Preliminary Expenses	50,000
	75,00,000		75,00,000

Profit & Loss A/c for the year ended 31st March 2023

Particulars	Amt. (Rs.)	Particulars	Amt. (Rs.)
To Cost of Goods Sold	63,00,000	By Cash Sales	30,00,000
To Gross Profit c/d	27,00,000	By Credit Sales	60,00,000
	90,00,000		90,00,000
To Administrative Expenses	9,00,000	By Gross Profit b/d	27,00,000
To Selling Expenses	7,00,000		
To Interest Charges	2,22,000		
To Provision for Income Tax	3,00,000		
To Net Profit c/d	5,78,000		
	27,00,000		27,00,000
To Transfer to Reserves	78,000	By Balance b/f	1,00,000
To Balance c/f	6,00,000		
	6,78,000		6,78,000

The company has a short term provision for dividend of Rs. 7,50,000.

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) Rehasmas & 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 31st December 2022

Equity & Liabilities	Amt. (Rs.)	Assets	Amt. (Rs.)
Share Capital:		Land	1,00,000
Equity Share Capital	50,000	Less: Depreciation	7,500
12% Preference Share Capital	25,000		92,500
Reserves & Surplus	17,500	Short Term Investments	20,000
10% Debentures	25,000	Inventory	17,500
Bills Payable	7,500	Sundry Debtors	15,000
Sundry Creditors	10,000	Cash in Hand	5,000
Outstanding Expenses	5,000		
Provision for Taxation	10,000		
	1,50,000		1,50,000

Profit & Loss A/c for the year ended 31st December 2022

Particulars	Amt. (Rs.)	Particulars	Amt. (Rs.)
To Opening Stock of Raw Materials	15,000	By Sales	1,50,000

To Purchases	90,000	By Closing Stock of Raw Materials	17,500
To Expenses:			
Printing Expenses	12,500		
Packaging Charges	15,000		
Interest on Debentures	2,500		
To Depreciation	7,500		
To Provision for Taxation	10,000		
To Net Profit c/d	15,000		
	1,67,500		1,67,500

(20 Marks)

Q.5) Amul Ltd. Provides you with the following comparative Balance Sheets for the year ending 31st March 2022 and 31st March 2023.

	2022 Amt. (Rs.)	2023 Amt. (Rs.)
Liabilities		
Bills Payables	16,500	20,000
Outstanding Expenses	1,750	2,250
Debentures	20,000	17,500
Equity Share Capital	1,00,000	1,00,000
Profit & Loss A/c	11,750	26,000
Provision for Doubtful Debts	1,000	1,500
Accumulated Depreciation: Furniture	1,500	3,750
Property	6,000	9,000
	1,58,500	1,80,000
Assets		
Bank Balance	21,500	22,000
Prepaid Expenses	1,000	8,000
Bills Receivables	40,000	45,000
Inventory	16,000	20,000

Investments	25,000	15,000
Furniture (at cost)	12,500	20,000
Property (at cost)	37,500	45,000
Equipment	5,000	5,000
	1,58,500	1,80,000

Additional Information:

- a. Dividend Paid during 2023 was Rs. 13,250.
- b. - Investments Costing Rs. 10,000 were sold in 2023 for Rs. 12,500.
- c. Furniture costing Rs. 2,500 on which Rs. 500 depreciation has been accumulated, was sold for Rs. 3,000 in the year 2023.

Prepare a Cash Flow Statement for the year 2023.

(20 Marks)

Q6 Write short notes on ANY 4 of the following:

(4x5 mks = 20)

- 1) Employee benefit expenses
- 2) Merits of Comparative Statements
- 3) Trend Analysis
- 4) Economic Value Added
- 5) Importance of Ratio Analysis
- 6) Uses of Cash flow statement analysis