

Vidya Vikas Mandal's

Shree Damodar College of Commerce & Economics, Margao-Goa

Post-Graduate Department of Commerce

PGDFT, Semester-I, January 2023

DFTO 112: Financial Statement Analysis

Duration: 03 Hrs

Max Marks: 60

Instructions:

- 1) Question 1 is compulsory.
- 2) answer any 5 from Q. 2 to Q. 9.

Q1.

- a. What are the 3 components of Du Pont Analysis?
- b. The PBT is 53,606.00 Crs and PAT is 39,837 Crs, What is the effective tax rate of the company?
- c. What are the advantages of various data sites on stocks like Ticker Tape and Screener?
- d. The company sold its Mutual Funds worth 2305 Crs during the year and invested in buying plant and machinery worth 1890 Crs. Where would the above be disclosed in the Cash Flow Statements?
- e. The company issues equity shares for purchase of factory. Where and why would it be disclosed in the cash flow statement of the company?

- 10 marks

Q2.

- a. What are common size statements and some uses of common size statements?
- b. What are types and importance of liquidity ratios and Profitability ratios?
- c. Opening inventory in the books of the company is 125 Crs and closing inventory is 98 Crs. How will the same be disclosed in the cash flow statement? Will it have a positive effect or negative effect on the cash flow of the company and why?

- 10 Marks

Q3.

- a. Prepare Comparative Statement of Profit and Loss from the following Statement of Profit and Loss:

Particulars	Note No.	31st	31st
		March, 2022 (₹)	March, 2021 (₹)
I. Income			
Revenue from Operations (Net Sales)		3,00,000	2,50,000
II. Expenses			
Cost of Materials Consumed		1,20,000	1,00,000
Depreciation		3,000	5,000
Employees Benefits Expenses (Wages)		30,000	25,000
Other Expenses		22,000	20,000
Total		1,75,000	1,50,000

- 5 Marks

- b. The following data is provided for ABC Ltd and PQR Ltd:

	ABC Ltd	PQR Ltd
Profit Margin	30%	15%
Asset Turnover Ratio	0.50	6.00
Debt Equity Ratio	3.00	0.50

Based on the data provided what if the ROE of the companies? Which company is likely to survive if covid lockdown is announced based on the limited information that you have along with the reasons for the same?

- 5 Marks

Q4.

- a. The Net Profit margin of the company is 12%. The Asset turnover ratio of the company is 5. The return on Equity of the firm is 27%. What is the equity capital of the firm if the total assets of the firm are 100 Crs.

- 5 Marks

- b. The Inventory turnover ratio of the company is 4.00. The average inventory on the books is 450 Crs. What is the debtors turnover ratio if the average debtors on the books is 300 Crs?

- 5 Marks

Q5.

Following is the Balance Sheet of Radha Ltd. as at 31st March, 2022:

Particulars	Note No.	31st March, 2022, (₹)	31st March, 2021, (₹)
I. EQUITY AND LIABILITIES			
1. Shareholders' Funds			
(a) Share Capital		15,00,000	10,00,000
(b) Reserves and Surplus		10,00,000	10,00,000
2. Non-Current Liabilities			
Long-term Borrowings		8,00,000	2,00,000
3. Current Liabilities			
(a) Trade Payables		5,00,000	3,00,000
Total		38,00,000	25,00,000
II. ASSETS			
1. Non-Current Assets			
<i>Fixed Assets:</i>			
(i) Tangible Assets		25,00,000	15,00,000
(ii) Intangible Assets		5,00,000	5,00,000
2. Current Assets			
(a) Trade Receivables		6,00,000	3,50,000
(b) Cash and Cash Equivalents		2,00,000	1,50,000
Total		38,00,000	25,00,000

You are required to prepare Comparative Balance Sheet on the basis of the information given in the above Balance Sheet.

- 10 Marks

Q6

a. Balance Sheet as at 31st March 2022

	INR		INR
Share Capital	800000	Fixed Assets	1000000
Reserves	200000	Current Assets	360000
8% Debentures	200000		
Creditors	160000		
	1360000		1360000

Net Operating profit before tax is 2.80 lakhs. Assume tax rate of 50%. Dividend declared amounts to 1.20 lakhs. Assume PAT rate of 8%.

Calculate the following:

- Return on Capital Employed
- Return on Equity
- Debt to Equity Ratio
- Current Ratio
- Fixed Asset Turnover Ratio

- 10 Marks

Q7.

a. Based on the data provided for Urja Auto Pvt Ltd. calculate the following:

- Gross Profit Ratio
- Operating Profit Ratio
- Net Profit ratio
- Profit Before tax Ratio Ratio
- Effective Tax Rate

Particulars	INR
Sales	2000000
Cost of Goods Sold	1200000
Operating Expenses	480000
Non Operating Income	48000
Non Operating Expenses	16000
Tax	105600

- 10 Marks

Q8.

a. State with reasons the balance sheet and P&L ratios that a bank manager will look at when he will look at advancing a loan.

- 5 Marks

b. What are the factors that one should look at when investing in a business?

- 5 Marks

Q9.

a. What are comparative statements and its uses

b. What is the reason for the cash flow to be different from Net Income with some examples

c. What is RoCE and RoE computed and what is the difference between the two?

d. What are the advantages of doing DuPont analysis? Please explain with example?

e. What is trend analysis and its uses?

- 10 Marks