

BFS SEC 2: FINANCIAL STATEMENT ANALYSIS

Duration: 2 Hrs.

Maximum Marks: 60

Instructions:

- 1) Start each question on fresh page.
- 2) Figures to the right indicate maximum marks.
- 3) Q. 1 is compulsory.
- 4) Answer any four from Q.2 to Q.6.

Q.1. Write short note on ANY FIVE of the following:

(05*04=20 Marks)

- a) Corporate Governance
- b) Ratio Analysis
- c) Value Added statement
- d) Parties interested in Financial Statement Analysis
- e) Cash flow Statement
- f) Trend Analysis

Q.2. Rearrange the following Profit & Loss A/c of HC Ltd in the vertical format as per schedule III of Companies Act, 2013. Prepare Comparative Income statement for the year ending 31st Dec 2021 & 2022 and also comment. (10 Marks)

Profit & Loss A/c for the year ended 31st Dec 2021 & 2022

Particulars	Amount 2021(Rs.)	Amount 2022(Rs.)	Particulars	Amount 2021(Rs.)	Amount 2022(Rs.)
To Opening Stock	50000	80000	By Sales	475000	600000
To Purchases	250000	300000	By Interest received	80000	120000
To Wages	86000	100000	By Closing Stock	10000	50000
To Salary	35600	67500	By Profit on Sale of Building	---	14500
To Rent & taxes	5000	8000			
To Insurance	10000	12000			
To Advertisement	15000	21000			
To Interest paid	6000	8000			
To Bad debts	1600	2300			

To Depreciation	16000	13000		
To Provision for tax	25000	30000		
To Commission	2000	3400		
To Net profit	62800	139300		
	565000	784500	5,65,000	784500

Q.3. From the following information given below prepare Common Size Balance sheet as on 31st March 2021 and 31st March 2022 of Nirma Ltd. (10 Marks)

Particulars	31st March 2021 (Rs.)	31st March 2022 (Rs.)
Equity Share Capital	500000	500000
Preference Share Capital	300000	100000
Share Premium	350000	250000
Finance Costs	80000	80000
Long term Bank loan	400000	300000
Sundry Creditors	50000	50000
Fixed Assets (Tangible)	1000000	800000
Sundry Debtors	400000	200000
Cash Balance	200000	200000
Salaries	500000	200000

Q.4. Calculate Stock Turnover Ratio, Liquid Ratio, Debt Equity Ratio, Gross Profit Ratio and Net Profit Ratio from the following: (10 Marks)

Balance sheet as on 31st March 2020

Liabilities	Amount (Rs.)	Assets	Amount (Rs.)
Outstanding Expenses	25000	Fixed Assets	125000
Sundry Creditors	50000	Sundry Debtor	50000
Debentures	100000	Bank Balance	25000
Reserves	50000	Stock	125000
Equity Share Capital	50000		
Preference Share Capital	50000		
	325000		325000

Profit and Loss Account for the year ending 31st March 2020

Particulars	Amount (Rs.)	Particulars	Amount (Rs.)
To opening Inventories	75000	By Sales	500000
To Purchases	150000	By Closing Inventories	125000

To Manufacturing Expenses	50000	By Profit on Sale of Shares	25000
To Direct Wages	100000		
To Administrative Expenses	25000		
To Selling Expenses	25000		
To Loss on Sale of Assets	27500		
To Interest on Debenture	5000		
To Net Profit	192500		
	650000		650000

Q.5. 'Annual reports are publicly available and cater to a large external audience'. Elaborate.

(10 Marks)

Q.6. The need for corporate governance has emerged for various reasons. Explain the needs for corporate governance in India.

(10 Marks)
