

VVM'S SHREE DAMODAR COLLEGE OF COMMERCE & ECONOMICS

TY BBA (FS), SEMESTER V, SEMESTER END ASSESSMENT, Repeat April 2018

SUBJECT: FINANCIAL STATEMENT ANALYSIS

Timing: 3 Hours

Marks: 60

Important Instructions:

- All questions are compulsory
- Start each question on a fresh page
- Figure to the right indicate maximum marks

Q 1. Write a short note on any three of the following: (3 x 5 Marks) ... 15 Marks

- a. Extensible Business Reporting Language (XBRL)
- b. Notes to accounts
- c. Trend analysis
- d. Earning per share

Q 2. a) Explain the corporate governance with reference towards Audit Committee formed in an organisation. ... 5 Marks

OR

Q 2. b) Discuss the importance of preparation of value added statement. ... 5 Marks

Q 3. Answer any four of the following:- (4 x 10 Marks) ... 40 Marks

a. The following is the Balance Sheets of Delta Corp Ltd. for the years 2015 and 2016. Prepare the comparative Balance Sheet and study the financial position of the concern. (New Revised Format as per companies act.)

Balance Sheet as on 31st December

| Liabilities | 2015 (Rs) | 2016 (Rs) | Assets | 2015 (Rs) | 2016 (Rs) |
|---------------------------|------------------|------------------|--------------------|------------------|------------------|
| Equity Share Capital | 5,00,000 | 7,00,000 | Land | 2,70,000 | 1,70,000 |
| Reserves | 3,30,000 | 2,22,000 | Machinery | 4,00,000 | 6,00,000 |
| Debentures | 2,00,000 | 3,00,000 | Furniture | 20,000 | 25,000 |
| Long term loan | 1,00,000 | 1,50,000 | Other fixed assets | 25,000 | 30,000 |
| Bills Payables | 50,000 | 45,000 | Cash in hand | 20,000 | 40,000 |
| Sundry Creditors | 1,00,000 | 1,20,000 | Bills Receivable | 1,00,000 | 80,000 |
| Other current liabilities | 5000 | 10,000 | Debtors | 2,00,000 | 2,50,000 |
| | | | Stock | 2,50,000 | 3,50,000 |
| | | | Prepaid Expenses | - | 2000 |
| | 12,85,000 | 15,47,000 | | 12,85,000 | 15,47,000 |

b. Discuss in detail the contents of corporate annual report.

c. From the following information calculate:-

- (a) Liquid Ratio (b) Working Capital Turnover Ratio (c) Operating Ratio
 (d) Net Profit Ratio (e) Quick Ratio

| | |
|---------------------------------|----------|
| Cost of Revenue from Operations | 6,00,000 |
| Operating Expenses | 50,000 |
| Revenue from Operations | 8,00,000 |
| Sales Returns | 10,000 |
| Total Current Assets | 3,00,000 |
| Total Current Liabilities | 1,00,000 |
| Total Assets | 7,00,000 |
| Closing Inventory | 30,000 |
| Prepaid Insurance | 5,000 |

d. The following is the statement of Profit & Loss account of Escorts Co. Ltd for the year ending 31st March 2009. Prepare Common size Income statement.

| Particulars | Amount |
|---|------------------|
| Sales | 20,00,000 |
| Other Income | 30,000 |
| Total revenue | <u>20,30,000</u> |
| <u>Expenses:</u> | |
| (a) Cost of Material Consumed | - |
| (b) Purchase of Stock-in-Trade | 12,00,000 |
| (c) Changes in inventories of finished goods, work-in-progress and stock-in-trade | (2,00,000) |
| (d) Employees benefit Expenses | 2,50,000 |
| (e) Finance Cost | 85,000 |
| (f) Depreciation | - |
| (g) Other Expenses | 3,75,000 |
| (V) Profit & Loss Before Tax | <u>3,20,000</u> |
| (VI) Provision for Tax | (1,05,000) |
| (VII) Profit & Loss after Tax | <u>2,15,000</u> |

- e) i) Explain in the detail the functional classification of accounting ratios.
 ii) Explain the need and importance of corporate governance in preparation of annual reports.
