

Financial Statement Analysis & Interpretation

Duration: - 2hrs

Marks: - 80

Instructions

- Question no 1 is compulsory
- Answer any 3 questions from question no 2 to question no 6
- All questions carry 20 marks each
- Working notes must form the part of your answer

- Prepare a Balance sheet as at 31st march 2016 from the following information of KM Ltd.
(all amounts in Indian Rs.) (20)

Term Loans	500000	Loss for the year	179000
Creditors	572500	Sundry Debtors	612500
Advances	186000	Loans from directors	100000
Cash and bank balance	137500	Provision for doubtful debts	10100
Staff advances	27500	Stores	200000
Taxes Payable	85000	Fixed assets (WDV)	2575000
Securities Premium Reserve	237500	Finished goods	375000
Loose tools	25000	General reserve	1025000
Investments	112600	Work in progress	100000

Additional Information:

- Share capital consists of 3000 equity shares @ Rs. 100 each fully paid, and 10,000 preference shares @ Rs. 100 each fully paid.
- All term loans are secured
- Depreciation on fixed assets is Rs. 5,00,000

- From the following information of BBE Ltd. prepare a Comparative Income Statement.
(all amounts in Indian Rs.) (20)

Particulars	Year 2016	Year 2017
Sales	1370	1442
Cost of Good sales	838	926
Administrative expenses	94	92
Selling expenses	188	182
Dividends earned	44	50
Interest Paid	44	44
Income tax paid	124	124

3. From the following information as on 31st March 2017, calculate the following Ratios and Interpret the same: (20)

- a. Current Ratio b. Quick ratio c. Inventory to Working Capital d. Debt to Equity ratio e. Proprietary ratio and f. Capital Gearing ratio

(all amounts in Indian Rs.)

Sundry Creditors	5000	Bills Receivable	500
Bank Overdraft	2500	Cash	2000
12% Debentures	29000	Debtors	5000
Share Capital	10000	Fixed Assets	7000
Profit & loss a/c	1500	Plant & Machinery	25500
General reserves	2000	Stock	10000

4. From the following balance sheet of ZYX Ltd. prepare a Common Size Financial Statement. (all amounts in Indian Rs.) (20)

Capital	16450	Debtors	675
Reserves	2500	Cash	2775
Loans	5625	Prepaid expenses	5500
Creditors	1050	Stock	2500
Outstanding expenses	1950	Other current Assets	250
		Fixed Assets (less depreciation)	15875
	27575		27575

5. The Balance sheet of MRP Ltd as on 31st March 2016 and 2017 is as follows. Prepare Cash Flow Statement for the year ended 31st March 2017. (all amounts in Indian Rs.) (20)

Particulars	Year 2016	Year 2017	Particulars	Year 2016	Year 2017
Equity Capital	120000	150000	Land	90000	120000
Preference Capital	90000	60000	Building	120000	105000
General reserve	30000	40000	Stock	50000	60000
Profit & Loss a/c	43500	53500	Debtors	35000	40000
Outstanding expenses	9000	12000	Prepaid expenses	10000	8000
Creditors	28000	30000	Bank Balance	12000	10000
			Preliminary Expenses	3500	2500

Adjustments:

- Company redeemed Preference Shares @10% premium
- Interim dividend paid is Rs. 10000

6. A From the following particulars calculate the 1) Current Ratio and 2) Liquid Ratio (all amounts in Indian Rs.) (10marks X 2 = 20)

Stock	75000	Land and Building	40000
Bank overdraft	30000	Cash Balance	120000
Prepaid Insurance	33000	Creditors	180000
Bills receivable	15000	Bills Payable	120000
Debtors	120000	Advances	12000

6. B What is EVA? Explain its advantages.