

**GOVERNMENT COLLEGE OF COMMERCE & ECONOMICS,
BORDA, MARGAO-GOA**
B.Com (Sem. II) SEMESTER END EXAMINATION, JULY 2021
(Under OS-1 COVID-19 pandemic)

CC6 -Financial Statement Analysis and Interpretation

Duration	Answering	02 Hours	Max. Marks: 40	Number of pages: 03
	Online Submission	01 Hour		

Instructions: 1) **Question one is compulsory.**

2) Answer **any three** questions from the remaining questions.

3) Figures to the right indicate full marks.

4) Give working notes wherever required.

5) Students need to submit **handwritten** answer paper scanned in whiteboard mode in a single PDF file only.

Q.I Following is the extract of trial balance of Apricot Ltd.

Particulars	Amount(₹)	Particulars	Amount(₹)
Equity Share Capital	52,00,000	Advance to employees	3,00,000
Reserve fund	60,000	Discount on issue of debentures(unwritten off)	25,000
Deposits from Public	8,00,000	Tools and Equipment	7,50,000
Land and Buildings	31,09,940	Gratuity Fund	6,00,000
Trademarks	20,00,000	Debtors	2,77,040
Bank overdraft	4,90,200	Cash at Bank	3,14,320
Proposed dividend	1,64,000	Stock in trade	3,55,600
Prepaid insurance	50,000	Profit and Loss a/c(credit)	42,980
Mutual Fund	3,36,000	Bills receivable	89,200
Interest payable	64,800	Sundry Creditors	1,85,120

Prepare Balance Sheet on 31st March 2021.

10 marks

Q. II. Following are the Profit and Loss accounts of Blackberry Traders as on 31st March 2020 and 2021.

Particulars	2020 (₹)	2021 (₹)	Particulars	2020 (₹)	2021 (₹)
To Opening stock	40,000	60,000	By Sales	3,00,000	5,00,000
To Purchases	1,50,000	4,00,000	By Closing Stock	60,000	1,50,000
To Wages	50,000	80,000	By Interest	6,000	7,000
To Factory Expenses	40,000	50,000			
To Directors remuneration	9,000	11,000			
To Selling Expenses	16,500	11,500			
To Finance expenses	4,000	2,000			
To Provision for Tax	15,000	12,000			
To Net Profit	41,500	30,500			
	<u>3,66,000</u>	<u>6,57,000</u>		<u>3,66,000</u>	<u>6,57,000</u>

Prepare Comparative Profit and Loss Statement and comment on the same.

10Marks

Q. III. Following is the Balance Sheet of Cranberry Ltd.

Liabilities	Amount (₹)	Assets	Amount (₹)
Share Capital	5,00,000	Fixed Assets	4,00,000
Reserve Fund	20,000	Trade Investments	1,50,000
Profit & Loss a/c	50,000	Stock	37,000
Mortgage Loan	1,00,000	Bills Receivable	90,000
Bank Overdraft	20,000	Bank Balance	15,000
Bills Payable	10,000	Preliminary expenses	8,000
	<u>7,00,000</u>		<u>7,00,000</u>

From the above information prepare Common Size Balance Sheet and comment on the same.

10 Marks

Q. IV. Following is the Balance Sheet of Raspberry Traders.

Liabilities	Amount (₹)	Assets	Amount (₹)
Equity Share Capital	2,00,000	Fixed Assets	7,70,000
8% Preference share Capital	2,00,000	Investments	40,000
16% Debentures	80,000	Cash & Bank balance	84,000
15% Bank loan	40,000	Debtors	1,40,000
General Reserve	3,00,000	Stock	80,000
Profit & Loss a/c	40,000	Prepaid expenses	20,000
Creditors	1,20,000		
Provision for taxation	60,000		
Bank overdraft	94,000		
	<u>11,34,000</u>		<u>11,34,000</u>

You are required to calculate the following ratios:

Quick Ratio, Stock Working Capital ratio, Capital Gearing Ratio and Debt- Equity ratio.

10 Marks

Q.V The Balance Sheets of Rose Apple Ltd. as on 31st March 2020 and 31st March 2021 were as follows:

Balance Sheets of Rose Apple Ltd

Liabilities	31/03/20	31/03/21	Assets	31/03/20	31/03/21
Share Capital	2,50,000	3,00,000	Patents	50,000	40,000
Profit & Loss a/c	1,69,000	1,51,500	Machinery	2,50,000	2,75,000
7% Debentures	2,50,000	3,00,000	Premises	3,00,000	3,70,000
Bank Loan	80,000	1,00,000	Investment in Government securities	40,000	50,000
Bills Payable	40,900	50,700	Debtors	30,000	40,000
Provision for Doubtful debts	40,000	55,500	Bills Receivable	62,000	62,500
Provision for tax	35,000	40,000	Cash balance	1,32,900	1,60,200
	<u>8,64,900</u>	<u>9,97,700</u>		<u>8,64,900</u>	<u>9,97,700</u>

Additional Information:

1. Depreciation on Machinery is ₹10,000 and on Premises ₹15,000.
2. Provision for tax made during the year is ₹60,500.

Prepare Cash Flow statement as per AS-3 (Revised)

10 Marks

Q VI Answer the following questions in not more than 60 words:

(5X2 =10 marks)

1. Parties interested in Financial Statement Analysis.
2. Uses of Trend Analysis.
3. Significance of Economic Value Added Analysis.
4. Disadvantages of Economic Value Added Analysis.
5. Objectives of Cash Flow Statement.

END