

**GOVERNMENT COLLEGE OF COMMERCE & ECONOMICS,  
BORDA, MARGAO-GOA**

**B.com Semester II End Examination, April-2019**

**CC6 Financial Statement Analysis & Interpretation**

**Time: 2 Hours**

**Total Marks: 80**

- Instructions:** (1) Q. No.I is compulsory  
(2) Answer any **Three** from Q No. II to Q No.VI  
(3) Figures to the right indicate maximum marks allotted.  
(4) Give working notes wherever required.  
(5) Students are allowed to use non-programmable calculators.

Q.I. The following Trial Balance for the year ended 31<sup>st</sup> March, 2018 is extracted from the books of Sunshine Industries Limited.

Particulars	Debit Amount	Credit Amount
Plant and Machinery	3,96,000	-
Opening Stock	88,000	-
Salaries	22,000	-
Advance to employees	4,000	-
Purchases	4,00,000	-
Carriage Inward	80,000	-
Directors remuneration	1,12,000	-
Share Capital (Paid up)	-	2,00,000
Securities premium	-	56,000
7% Debentures	-	2,00,000
Sundry Creditors	-	80,000
Bank Overdraft	-	50,000
General reserve	-	70,000
Profit & Loss account	-	40,000
Investments	12,000	-
Cash in hand	47,000	-
Preliminary Expenses	8,000	-
Debenture Interest	7,000	-
Sales	-	6,64,000
Debtors	1,84,000	-
Total Rs.	<b>13,60,000</b>	<b>13,60,000</b>

The following adjustments should be considered:

1. Stock on 31<sup>st</sup> March, 2018 is Rs. 80,000.
2. Interest on debentures for six months is outstanding.
3. Depreciate plant and machinery by 10% .
4. Transfer Rs. 50,000 to general reserve.

You are required to prepare Income Statement for the year ended 31<sup>st</sup> March,2018 and Balance Sheet as on date as per, Schedule III of the Companies Act, 2013.

**(20 Marks)**

Q. II. Following is the Balance Sheet of Printpack Ltd.

Particulars	Amount (Rs)	Particulars	Amount (Rs)
To Opening Stock	7,000	By Sales	4,00,000
To Purchases	1,65,000	By Closing Stock	8,000
To Wages	85,000	By Rent	20,000
To Carriage inward	34,000		
To Salaries	75,000		
To Administrative Expenses	16,000		
To Depreciation	10,000		
To loss on Sale of plant	15,000		
To Net Profit c/d	21,000		
	<b>4,28,000</b>		<b>4,28,000</b>

From the above information prepare Common Size Income Statement and comment on the same. (20 Marks)

Q. III. Following are the Balance Sheets of Unique Traders as on 31<sup>st</sup> March 2017 and 2018.

Liabilities	2017 (Rs)	2018 (Rs)	Assets	2017 (Rs)	2018 (Rs)
Share Capital	6,00,000	9,00,000	Fixed Assets	7,32,000	9,60,000
Reserve Fund	3,60,000	60,000	Investments	78,000	1,08,000
Profit & Loss a/c	30,000	1,80,000	Stock	1,65,000	5,67,000
Mortgage Loan	-	2,40,000	Bills receivable	2,79,000	4,63,500
Bank overdraft	-	3,90,000	Bank Balance	36,000	61,500
Bills payable	2,40,000	3,00,000			
Provision for Tax	60,000	90,000			
	<b>12,90,000</b>	<b>21,60,000</b>		<b>12,90,000</b>	<b>21,60,000</b>

Prepare Comparative Balance Sheet and comment on the same. (20 Marks)

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

Liabilities	Amount (Rs)	Assets	Amount (Rs)
Equity Share Capital	10,00,000	Fixed Assets	16,00,000
8% Preference share Capital	5,00,000	Investments	20,000
9% Debentures	2,00,000	Cash & Bank balance	1,30,000
General Reserve	2,50,000	Debtors	5,20,000
Profit & Loss a/c	50,000	Stock	2,20,000
Creditors	3,40,000		
Provision for taxation	1,50,000		
	<b>24,90,000</b>		<b>24,90,000</b>



Rearrange the above Balance sheet into a form suitable for analysis and calculate the following ratios:

Quick Ratio, Proprietary Ratio, Stock Working Capital ratio, Capital Gearing Ratio and Debt- Equity ratio. **(20 Marks)**

Q.V The Balance Sheets of Rainbow Ltd. as on 31<sup>st</sup> March 2017 and 31<sup>st</sup> March 2018 were as follows:

Balance Sheets of Rainbow Ltd

Liabilities	31/03/17	31/03/18	Assets	31/03/17	31/03/18
Share Capital	2,70,000	2,80,000	Goodwill	27,900	9,900
Profit and Loss a/c	60,000	70,000	Machinery	64,800	90,000
General Reserve	21,000	38,000	Land & Building	2,26,800	1,70,100
Public Deposits	90,000	44,000	Furniture	-	81,000
Loans	1,35,900	1,24,020	Investments	81,000	99,000
Creditors	1,43,300	87,880	Debtors	1,89,000	2,28,240
Provision for tax	48,600	57,600	Bank balance	1,79,300	23,260
	<b>7,68,800</b>	<b>7,01,500</b>		<b>7,68,800</b>	<b>7,01,500</b>

Additional Information :

1. Depreciation on Machinery is Rs. 10,000.
2. Tax paid is Rs. 50,000.

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

**(20 Marks)**

Q.VI Write short notes on **any four** of the following:

**(20 Marks)**

- 1) Advantages of Economic Value Added Analysis
  - 2) Disadvantages of Economic Value Added Analysis
  - 3) Limitations of Ratio Analysis
  - 4) Income statement ratios
  - 5) Trend analysis
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