

GOVERNMENT COLLEGE OF COMMERCE AND ECONOMICS, BORDA, MARGAO-GOA

B.Com (II Semester) End Examination, April 2018

CC 6: FINANCIAL STATEMENT ANALYSIS & INTERPRETATION

Duration: 2 hours

Maximum marks: 80

Instructions: i) Question No. 1 is compulsory.

ii) Answer any 3 from Question No. 2 to Question No. 6.

iii) Figures to the right indicate full marks allotted to each question.

iv) Show important working notes as fair work.

v) Students are allowed to use only Non- Programmable and Non-Scientific calculators.

Q.1. From the following Balance Sheet given in old format, you are required to convert into Comparative Balance Sheet as per revised Schedule III for the years 2016 and 2017. **(20 Marks)**

Liabilities	31/03/2016	31/03/2017	Assets	31/03/2016	31/03/2017
Equity Share Capital	4,00,000	5,00,000	Plant & Machinery	4,00,000	6,00,000
Pref. Share Capital	3,40,000	4,00,000	Land & Building	6,05,000	5,10,000
Reserves & Surplus	1,90,000	1,50,000	Furniture & Fixtures	2,67,000	2,60,000
Profit & Loss A/c	2,00,000	3,00,000	Trademarks	25,000	50,000
Debtenture	2,60,000	3,00,000	Copyrights	40,000	50,000
Bank Overdraft	2,35,000	2,50,000	Investments	3,12,000	4,70,000
Proposed Dividend	1,65,000	1,70,000	Inventories	1,29,000	1,20,000
			Discount on issue of shares	12,000	10,000
Total	17,90,000	20,70,000	Total	17,90,000	20,70,000

Q.2. The following are the extracts of ledger balances taken from Asian Manufacturers Ltd., for the year ending 31st March 2017. **(20 Marks)**

Prepare a statement of Profit & Loss as per revised Schedule III

Particulars	Rs.	Particulars	Rs.
Opening Stock	55,000	Director's Fees	17,000
Purchases	45,000	Discount received	2,550
Wages	50,000	Discount allowed	3,200
Interest on Debtentures	5,600	Payment to Auditors	4,500
Trade Marks	95,000	Commission received	5,600
Salaries	75,000	Land & Building	1,75,000
Rent (Cr.)	25,000	Interest on Loan	2,500
Insurance	8,550	Sales	5,07,550

Additional information:

- Closing Stock is valued at Rs. 40,000.
- Provide for Depreciation on Land & Building @ 10% and write off Trade Marks by Rs. 750.
- Provision for Income Tax is to be made @ 35%.

Q.3. From the following Balance Sheet prepare Cash Flow Statement of Siemens Co. Ltd. for the year ended 31st March 2018. (20 Marks)

Balance Sheet as on

Liabilities	31/03/2017	31/03/2018	Assets	31/03/2017	31/03/2018
Equity share capital	12,00,000	10,00,000	Land & Building	10,00,000	8,00,000
Reserves & Surplus	8,90,000	7,10,000	Plant & Machinery	21,00,000	25,00,000
Profit & Loss A/c	13,30,000	13,90,000	Furniture	15,00,000	14,00,000
Debentures	20,00,000	25,00,000	Investments	2,00,000	2,50,000
Bills Payable	2,00,000	1,80,000	Stock	2,50,000	2,00,000
Creditors	2,50,000	2,20,000	Debtors	5,00,000	4,50,000
Proposed Dividend	1,50,000	1,70,000	Cash/Bank	7,50,000	7,80,000
Provision for Tax	4,00,000	3,50,000	Preliminary Expenses	1,20,000	1,40,000
Total	64,20,000	65,20,000	Total	64,20,000	65,20,000

Other Information:

- 1) Depreciation charged on Land & Building during the year amounted to Rs. 2, 00,000.
- 2) Depreciation charged on Plant & Machinery and Furniture amounted to Rs. 2,00,000 and Rs. 2, 25,000 respectively.
- 3) During the year Machinery worth book value of Rs. 3, 00,000 was sold for 3,20,000 and additional Machinery was purchased during the year.
- 4) Reduction value in Investments is due to Investments written off.

Prepare: a) Cash Flow Statement as per revised Schedule

- b) Land & Building A/c
- c) Plant & Machinery A/c
- d) Furniture A/c

Q. 4. Prepare a Common Size Balance Sheet from the following as on 31/07/2018: (20 Marks)

Liabilities	31/03/2018	Assets	31/03/2018
Equity share capital	3,00,000	Goodwill	30,000
Preference share capital	20,000	Land & Building	2,00,000
Reserves	7,500	Machinery	1,50,000
Profit & Loss A/c	30,000	Furniture	10,000
Debentures	1,00,000	Stock	45,000
Loans	10,000	Trade Receivables	20,000
Sundry Creditors	10,000	Other Current assets	25,000
Outstanding Expenses	5,000	Cash	3,500
Provision for Tax	5,000	Bank	7,500
Proposed Dividend	12,500	Prepaid Expenses	9,000
Total	5,00,000	Total	5,00,000

Q.5. Following are the extracts from the financial Statements of J.K Co. Ltd. as on 31st March, 2017. (20 Marks)

Particulars	Rs.
Net profit	12,00,000
Gross Sales	14,20,000
Gross profit	2,00,000
Sales Returns	20,000
Creditors	1,20,000
Accounts payable	80,000
Debtors	80,000
Accounts receivable	40,000
8% Debentures	20,00,000
Stock	1,00,000
Bank Overdraft	8,000
Cash at bank	60,000

Calculate the following ratios and comment on the same:

1. Current Ratio,
2. Quick Ratio,
3. Gross Profit Ratio,
4. Net profit Ratio and
5. Debtors Turnover ratio.



Q.6. A) From the following Balance Sheet of Prahaar Ltd., prepare Trend percentage statement: (10 Marks)

Balance Sheets as on 31st March

	2016	2017	2018
EQUITY & LIABILITIES			
Equity Share Capital	4,50,000	5,00,000	7,00,000
4% Preference Share Capital	2,50,000	3,00,000	4,00,000
General Reserve	4,50,000	2,00,000	2,00,000
Profit & Loss A/c	2,00,000	2,00,000	1,00,000
Debentures	3,20,000	3,10,000	4,00,000
Bills Payable	4,000	10,000	3,000
Creditors	4,000	17,000	15,000
Total	16,78,000	15,37,000	18,18,000
ASSETS			
Fixed Assets	6,00,000	5,50,000	8,00,000
Investments	4,50,000	4,00,000	4,00,000
Cash	3,000	3,000	15,000
Debtors	2,20,000	1,50,000	1,00,000
Stock	4,00,000	4,30,000	5,00,000
Preliminary Expenses	5,000	4,000	3,000
Total	16,78,000	15,37,000	18,18,000

B) Explain the concept of EVA and highlight its importance.

(10 marks)