

**Goa Vidyaprasarak Mandal's
GOPAL GOVIND POY RAITURCAR COLLEGE OF COMMERCE AND
ECONOMICS, PONDA-GOA
B.COM. CBCS (SEMESTER-II) EXAMINATION, APRIL 2018
FINANCIAL STATEMENT ANALYSIS &
INTERPRETATION**

Duration: 2 Hours

Marks: 80

- Instructions:**
1. Question No. 1 is compulsory.
 2. Answer any 3 questions from Q.No.2 to Q. No. 6.
 3. Figures to the right indicate maximum marks.
 4. Working notes should form part of your answer.

Q.1. From the following information of Alpha Company Limited prepare Common Size income statement and Balance Sheet for the year 31st December 2017. (20)

Income statement of Alpha Company Limited for the year 31st December 2017

	Particulars	Amount
I	Revenue From Operations	17,27,000
II	Other Income	-
III	Total Revenue	17,27,000
IV	<u>Expenses</u>	
A	Cost of material consumed	NIL
B	Purchases of stock in trade	12,00,000
C	Changes in inventory of WIP, Stock-in-Trade, Finished Goods	(50,000)
D	Employee benefit expenses	3,74,900
E	Finance Cost	9,000
F	Depreciation and amortization	19,000
G	Other expenses	1,61,025
V	Profit before tax	13,075
VI	Provision for tax	6,000
VII	Profit After Tax	7,075

Balance Sheet of Alpha Company Limited as on 31st December 2017

	Particulars	Amount
I	EQUITY AND LIABILITIES	
1	Share holders fund	
a	Share capital	4,00,000
b	Reserve and surplus	2,17,375
c	Money received against share warrant	NIL
2	Share application money pending allotment	NIL
3	Non -current liabilities	
a	Long term borrowings	1,00,000
b	Deferred tax liability	NIL
c	Other Long term liabilities	NIL
d	Long term provisions	NIL
4	Current liabilities	
a	Short term borrowings	NIL
b	Trade Payable	77,500
c	Other Current liabilities	6,500
d	Short term provisions	6,000
	Total	8,07,375

II	ASSETS	
A	Non-current Assets	
1	Fixed Assets	
a	Tangible Assets	1,71,000
b	Intangible Assets	NIL
2	Non- current investment	50,000
3	Long term loans & advances	NIL
4	Other Non-Current Assets	NIL
B	Current Assets	
1	Current Investment	NIL
2	Inventories	3,25,000
3	Trade Receivables	1,78,125
4	Cash And Cash Equivalents	81,000
5	Short Term Loans & Advances	NIL
6	Other Current Assets	2,250
	Total	8,07,375

Q. 2. The following information is available of Classic company limited for the year 31st December 2017. You are required to prepare Balance Sheet as per Revised schedule VI. (20)

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Particulars	Amount	Particulars	Amount
Opening stock	1,36,000	Equity share capital	5,00,000
8% government bonds	60,000	11% Debentures	1,00,000
Computers	40,000	Bank loan	1,30,000
Discount	8,000	Bills payable	24,000
Loans to employees	16,000	Sundry creditors	31,200
Printing charges	4,000	Sales	8,53,600
Bad debts	7,000	Commission received	38,000
Wages	1,82,000	P & L A/c	27,800
Director's fees	36,000	Interest received on 8% Government bonds	2,400
Premises	3,09,200		
Equipments	49,000		
Patents	53,000		
Sundry debtors	88,000		
Insurance premium paid	24,600		
Debenture interest	4,000		
Commission paid	24,000		
Purchases	4,63,800		
Machinery	1,72,000		
Rent	5,000		
Cash at bank	10,600		
Interest on bank loan	4,000		
Carriage outward	10,800		
	17,07,000		17,07,000

Other information-

1. Closing stock as on 31st December 2017 was ₹ 1,64,600.
2. Depreciate computers by 5% and Equipments also by 5%.
3. Interest on debentures and Government bonds are due.
4. Wages ₹ 10,000 were outstanding as on 31st December 2017.
5. Profits for the year 31st December, 2017 was ₹ 1,30,350.

Q. 3. Rearrange the following information into comparative Income statement and also show absolute increase/decrease in percentages- (20)

Particulars	2016 (₹)	2017 (₹)	Particulars	2016 (₹)	2017 (₹)
To Opening Stock	1,60,000	2,40,000	By Sales	12,00,000	20,00,000
To Purchases	6,00,000	16,00,000	By Closing Stock	2,40,000	6,00,000
To Wages	2,00,000	3,20,000			
To Gross Profit C/d	4,80,000	4,40,000			
	14,40,000	26,00,000		14,40,000	26,00,000
To Telephone Expenses	36,000	44,000	By Gross Profit B/d	4,80,000	4,40,000
To Delivery Charges	12,000	9,000			
To Legal Charges	24,000	20,000			
To Advertising	32,000	44,000			
To Interest on Debentures	16,000	18,000			
To Loss on sale of Machinery	10,000	NIL			
To Bank interest	44,000	41,000			
To Tax provision	80,000	86,000			
To net profit	2,26,000	1,78,000			
	4,80,000	4,40,000		4,80,000	4,40,000

Q.4. A) Following are the figures of Manthan company limited for the year 31st December 2017. (15)

Balance Sheet of Alpha Company Limited as on 31st December 2017

Liabilities	Amount	Assets	Amount
Equity share capital (face value ₹100 each)	10,00,000	Land & building	15,50,000
4% Preference share capital	5,00,000	Premises	2,00,000
Profit & Loss Account	2,50,000	Sundry debtors	4,00,000
12% Debentures	7,50,000	Marketable securities	1,00,000
Sundry creditors	3,00,000	Closing stock	2,50,000
Outstanding expenses	75,000	Cash at bank	50,000
Provision for taxation	37,500	Prepaid expenses	1,50,000
Bank overdraft	12,500	Bills receivable	1,50,000
		Preliminary expenses	75,000
	29,25,000		29,25,000

Ratios to be calculated-

1. Current ratio
2. Liquid ratio
3. Debt equity ratio
4. Proprietary ratio
5. Capital gearing ratio

B) Calculate Economic Value Added of Prince Firm with the help of following information:- (5)

NOPAT ₹ 5,50,000

Capital Structure

Equity share capital ₹ 10,00,000
 Reserve & Surplus ₹ 7,50,000
 12% Debentures ₹ 2,50,000
 Cost of equity 17%
 Income tax rate 30%

Q.5. Sam limited gives you the following balance sheet for the year ended 31st March 2017 and 31st March 2018. Prepare cash flow statement for the year 31st March 2018 and prepare necessary accounts. (20)

Liabilities	2017 (₹)	2018 (₹)	Assets	2017 (₹)	2018 (₹)
Equity share capital	2,50,000	3,00,000	Goodwill	50,000	40,000
Profit & Loss a/c	1,69,000	1,51,500	Land & Building	2,50,000	2,75,000
Debentures	2,50,000	3,00,000	Plant	3,00,000	3,70,000
Bank loan	80,000	1,00,000	Investments	40,000	50,000
Creditors	40,900	50,700	Stock	30,000	40,000
Proposed dividend	35,000	40,000	Debtors	62,000	62,500
Provision for Tax	40,000	55,500	Cash balance	12,000	10,000
			Bank balance	1,20,900	1,50,200
	8,64,900	9,97,700		8,64,900	9,97,700

Other information-

1. The company paid tax for ₹ 45,000 during the year.
2. Depreciation was charged on land and building and plant for ₹ 10,000 and ₹ 15,000 respectively.
3. Investment amounting ₹ 10,000 was sold for ₹ 12,000 during the year.

Q.6. Write short notes (Any 4) (4x5=20)

- i. Parties interested in financial statements .
- ii. Elaborate on Trend Analysis.
- iii. Advantages of Ratio Analysis.
- iv. Activities under Cash flow statement.
- v. Evolution of Economic Value Added.