

**Goa Vidyaprasarak Mandal's
Gopal Govind Poy Raiturcar College of Commerce and Economics
Ponda-Goa**

B. Com. CBCS (Semester-II) Examination, June 2022

FINANCIAL STATEMENT ANALYSIS AND INTERPRETATION

Duration: 2 Hours

Marks: 80

INSTRUCTIONS:

1. Question No. 1 is compulsory.
2. Answer any three questions from **Q.2 to Q. 6**.
3. Figures to the right indicate the marks allotted to the questions.
4. Give **working notes** wherever necessary.

Q. 1. From the following balances of A Ltd. as on 31st March 2022, prepare Common Size Balance Sheet as on 31st March 2022
(20)

Particulars	Amount	Particulars	Amount
Equity share capital	10,00,000	Land & Building	10,00,000
Preference share capital	2,00,000	Plant & Machinery	6,00,000
12% Debentures	4,00,000	Sundry debtors	1,90,000
General reserve	60,000	Prepaid insurance	10,000
Profit & loss balance	30,000	Cash in hand	60,000
Capital Reserve	4,60,000	Stock	40,000
Sundry creditors	1,00,000	Bills payable	2,00,000
Provision for taxation	30,000	Short term loan	20,000
Proposed dividend	20,000	Non-current Investment	6,00,000
Bills payable	2,00,000	Accrued interest on investment	20000

Q. 2. Following are the balances of B Ltd. as on 31st March 2022(20)

Assets	Amount	Liabilities	Amount
Plant	1,50,000	Equity Share Capital	2,00,000
Furniture	80,000	General Reserve	90,000
Debtors	70,000	Profit & Loss balance	60,000
Bills Receivable	10,000	Bank overdraft	60,000
Stock	1,40,000	Creditors	70,000
Cash at bank	30,000		
	4,80,000		4,80,000

Additional Information:

Particulars	Amount	Particulars	Amount
Sales	8,50,000	Opening Stock	90,000
Purchases	5,40,000	Debenture interest	15,000
Carriage inward	20,000	Administrative expenses	1,50,000
Taxes	10,000	Selling expenses	30,000

Calculate:

1. Gross Profit Ratio
2. Net Profit Ratio (Net Profit Before interest & tax)
3. Operating Ratio
4. Return on Proprietors Fund
5. Current Ratio

Q.3. The following is the Trial Balance of C Ltd. as on 31st March 2022(20)

Debit Balances	Amount	Credit Balances	Amount
Office building	8,00,000	Sales	10,50,000
Office equipment	2,00,000	Purchase returns	25,000
Interest on loan	27,000	Creditors	87,000
Debtors	1,70,000	Dividend received	10,000
Opening stock	2,19,000	9% Long term loan	3,00,000
Freight inward	3,000	Discount received	8,000
Purchases	3,25,000	80000 Equity shares of ₹10 each	8,00,000
Sales returns	50,000		
Director's remuneration	89,000		
Printing and stationery	10,000		
Cash and bank balance	1,17,000		
Staff welfare expenses	55,000		
Bad debts	2,000		
Discount allowed	2,000		
Advertisements	3,000		
Salaries and wages	1,08,000		
Long term investment	1,00,000		
	22,80,000		22,80,000

Additional Information:

1. The value of stock as on 31st March 2022 was ₹ 2,50,000.
2. Depreciation is to be provided on equipment @15% and on building @ 10% p. a.
3. Provision for taxation is to be made to the extent of ₹ 1,20,000.

4. Provision for doubtful debts is to be made at 5% of debtors.

Prepare Income Statement for the year ending 31st March 2022.

Q. 4. Following are the Trial Balances of D Ltd. as on 31/03/2021 and 31/03/2022(20)

Debit Balances	Amount as on 31/03/2021	Amount as on 31/03/2022	Credit Balance	Amount as on 31/03/2021	Amount as on 31/03/2022
Fixed Assets	4,70,000	4,70,000	Equity Share Capital	2,00,000	3,00,000
Dep. on fixed assets	25,000	40,000	Reserves	70,000	40,000
Selling Expenses	40,000	40,000	Profit & Loss Balance	89,000	55,000
Current Investment	-	58,000	10% Debentures	1,00,000	1,00,000
Opening Stock	60,000	80,000	Bills Payable	40,000	30,000
Sundry Debtors	80,000	60,000	Sundry Creditors	30,000	33,000
Bank Balance	11,000	20,000	Outstanding expenses	13,000	22,000
Salaries	40,000	60,000	Sales	5,00,000	6,20,000
Debenture interest	10,000	10,000	Bank overdraft	40,000	18,000
Purchases	3,00,000	3,50,000	Discount received	3,000	4,000
Sales Returns	4,000	6,000			
General Expenses	45,000	28,000			
	10,85,000	12,22,000		10,85,000	12,22,000

The following are the adjustments to be made:

1. Closing stock was valued at ₹ 50,000 and ₹ 60,000 for the year ended 31st March 2021 and 31st March 2022 respectively.
2. Make a provision of ₹10,000 and ₹ 20,000 for income tax for the year ended 31st March 2021 and 31st March 2022 respectively.

Prepare Comparative Statement of Profit & Loss for the year ended 31st March 2022

Q. 5.A. The following are the balances of E Ltd. as on 31st March 2022(10)

Credit Balances	Amount	Debit Balances	Amount
Equity share capital	3,00,000	Goodwill	50,000
12 % Preference share Capital	1,45,000	Land & Building	1,00,000
8% Debentures	4,00,000	Plant & machinery	6,40,000
General reserve	1,00,000	Long term Investment	2,00,000
Profit & Loss Balance	1,00,000	Prepaid expenses	25,000
Creditors for expenses	1,75,000	Cash in hand	20,000
Creditors for goods	2,40,000	Long term loan to staff	2,50,000
Bank overdraft	1,50,000	Sundry Debtors	4,15,000
Provision for Taxation	1,55,000	Preliminary expenses	45,000

From the above information, calculate the following:

1. Current Liabilities
2. Non-current assets

Q. 5.B.From the following information calculate Economic Value Added (EVA) (10)

Particulars	Amount
Profit after tax and before interest (NOPAT)	1,10,00,000
12 % Debentures	4,50,000
Equity Share Capital	2,00,000
Reserves & Surplus	1,50,000
Cost of equity	18%
Income tax rate	30%

Q. 6. Following is the Trial Balance of CLtd. as on 31st December 2021.(20)

Debit Balances	Amount	Credit Balance	Amount
Land & Building	11,00,000	Equity Share Capital	25,00,000
Machinery	30,00,000	Bank Loan	85,000
Furniture	2,00,000	General Reserve	4,75,000
Sundry Debtors	2,36,000	12% Debentures	10,00,000
Purchases	14,00,000	Sundry Creditors	25,000
9% Investments	3,00,000	Bills Payable	55,000
Salaries & Wages	4,00,000	Profit & Loss Balance	2,31,000
General Expenses	3,20,000	Sales	30,00,000
Return inward	27,000	Interest received on Investment	27,000
Debenture Interest	80,000	Return outward	25,000
Opening Stock (1/1/2021)	2,20,000		
Travelling Expenses	80,000		
Free meals to employees	60,000		
	74,23,000		74,23,000

Prepare Common size Statement of Profit & Loss for the year ended 31st December 2021 after taking into consideration following adjustments:

1. The stock as on 31st December 2021 was valued at ₹ 3,50,000.
2. Depreciation to be charged on Machinery @ 10% and on Furniture @ 5% p. a.
3. Make a provision of ₹ 75,000 for income tax.
4. Dividend was proposed at 10% on equity shares.
5. Prepaid wages amounted to ₹ 20,000.