

**Goa Vidyaprasarak Mandal's**  
**GOPAL GOVIND POY RAITURCAR COLLEGE OF**  
**COMMERCE AND ECONOMICS, PONDA- GOA**  
**B.COM. CBCS(SEMESTER-II) SEMESTER END EXAMINATION,**  
**REPEAT (TRUNCATED)**  
**APRIL 2023**  
**FINANCIAL STATEMENT ANALYSIS AND INTERPRETATION (CC 6)**

**Duration : 2 Hours**

**Marks : 80**

- Instructions : 1. Q.1 is compulsory  
 2. Answer ANY THREE questions from Q.2 to Q.6  
 3. Figures to the right indicate full marks.

Q.1)

(20)

The trial balance of GAIL India Ltd as of 31<sup>st</sup> March 2018 is given below. Prepare Income statement as per schedule III of the company's Act 2013

Debit balances	Amount	Credit balances	Amount
Calls in arrears	5,000	Authorised capital : 60000	<u>600,000</u>
Building	2,00,000	equity shares of Rs. 10 each	
Plant & machinery	2,40,250	Issued and subscribed capital	4,00,000
Interim dividend paid	25,000	8% Debentures	2,00,000
Opening stock	1,90,000	Profit & loss A/c	21,400
Furniture	5000	Bills payable	90,000
Patterns and patents	91500	Sundry creditors	1,97,000
Sundry debtors	2,77,000	Sales	12,35,000
Cash in hand	4,500	Discount received	11,800
Cash at bank	88,000	Sinking fund for redemption of	
Purchases	6,36,550	debentures	50,000
Preliminary expenses	8,000	Provision for doubtful debts	12,500
Sinking fund investment	50,000	Royalties received	3,500
Wages	2,95,000	Interest on sinking fund	
Repairs and renewals	12,000	Investment (3 months)	2,000
Factory power	25,000		
Rates and taxes	13,500		
Salaries	11,250		
Travelling expenses	10,750		
Discount allowed	20,200		
Directors fees	4,200		
Bad debts	2,500		
Debenture interest	8,000		
	22,23,200		22,23,200

Additional information:

1. Depreciate plant and machinery, furniture, patterns and patents @10% p.a.
2. Write off Rs. 2,000 from preliminary expenses

3. Transfer Rs. 10000 to sinking fund for redemption of debentures
4. Provide RDD at 5% on debtors
5. Closing stock was valued at Rs. 80,750
6. The directors proposed a dividend of 2% on equity share capital.

Q.2)

(20)

Following are the trading and profit and loss A/c of Pramila Ltd for the years ended 31<sup>st</sup> March 2020 and 2021

Particulars	2020	2021	Particulars	2020	2021
To opening stock	3,50,000	2,00,000	By sales	11,00,000	12,00,000
To purchases	7,00,000	9,00,000	By closing stock	2,00,000	3,00,000
To wages	50,000	1,00,000			
To gross profit/f	2,00,000	3,00,000			
	13,00,000	15,00,000		13,00,000	15,00,000
To office expenses	1,00,000	1,25,000	By gross profit b/d	2,00,000	3,00,000
To selling expenses	50,000	1,00,000			
To finance expense	20,000	30,000			
To net profit	30,000	45,000			
	2,00,000	3,00,000		2,00,000	3,00,000

Prepare a comparative income statement from above and give your comment.

Q.3)

(20)

Following is the balance sheet of Pratiksha Ltd as on 31<sup>st</sup> March 2018

Liabilities	Amount	Assets	Amount
Equity share capital	3,00,000	Fixed assets	4,00,000
Preference share capital	2,00,000	Investments	1,50,000
General reserve	20,000	Stock	25,000
Profit and loss account	50,000	Debtors	75,000
10% Debentures	1,00,000	Bills receivable	30,000
Creditors	20,000	Cash	15,000
Bills payable	7,000	Preliminary expenses	5,000
Outstanding expenses	3,000		
	7,00,000		7,00,000

Prepare common size balance sheet from the above in vertical form and give your comments on its financial position

Q.4)

(20)

Given below is the balance sheet of XX Ltd as on 31-03-2021

Liabilities	Amount	Assets	Amount
40000 equity shares of Rs 10 each	4,00,000	Fixed assets	10,00,000
10% preference share capital	2,00,000	Current assets	2,00,000
Profit and loss A/c	2,00,000	Preliminary expenses	50,000
Debentures	2,00,000		
Secured loan	1,00,000		
Current liabilities	1,50,000		
	12,50,000		12,50,000

Given below is the Income statement of XX Ltd for the year ended 31-03-2021

Particulars	Amount	Amount
Net sales		6,00,000
Less cost of goods sold		<u>2,00,000</u>
Gross profit		4,00,000
<u>Less other expenses</u>		
Administrative	80,000	
Selling	50,000	
Debenture interest	50,000	
Loss on sale of assets	<u>10,000</u>	<u>190,000</u>
Net profit		210000
Less: provision for tax	80,000	
Preference dividend	<u>16,000</u>	<u>96,000</u>
Balance c/d		114,000

Calculate the following ratios and give your comment

1. Return on Capital employed
2. Return on Proprietors fund
3. Return on equity share capital
4. Earnings per share

Q.5 A)

(5 x2 =10 )

1. What is the meaning of Financial statement analysis and who are the parties interested in interpreting them?
2. What is Trend Analysis? Write its advantages and limitations

Q.5 B)

( 10 )

From the following balance sheet of a company, ascertain Current ratio, Proprietary ratio, stock to working capital ratio, capital gearing ratio

Liabilities	amount	Assets	amount
Equity share capital	1,00,000	Fixed assets	162,000
Preference share capital	50,000	Stock CA	22,000
Reserves	30,000	Debtors CA	51000
7% Debentures	20,000	Bills receivable CA	2000
Creditors	34000	Bank CA	12000
Tax provision	15000		
	<u>2,49,000</u>		<u>249000</u>

Q.6 A )

( 10 )

The following information is available of a particular firm. You are required to calculate EVA

Particular	Amount
NOPAT	11000000
12 % Debentures	45000000
Equity Share Capital	20000000

Reserves & Surplus	15000000
Cost of equity	18%
Income tax rate	30%

Q.6 B)

(10)

Following is the revenue statement of Prudent Ltd for the year ended 31<sup>st</sup> March 2020.

Particulars	Amount	Particulars	Amount
To opening stock	27,150	By sales	2,55,000
To purchases	1,63,575	By closing stock	42,000
To carriage inward	4,275	By interest received from	2,700
To office expenses	45,000	investment	
To sales expenses	13,500		
To loss on sale of fixed assets	1,200		
To net profit c/f	45,000		
	2,99,700		2,99,700

Calculate the Gross profit ratio, operating ratio, and stock turnover ratio