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**[5162]-505**

**B.B.A. (Fifth Semester) EXAMINATION, 2017**

**(A) ANALYSIS OF FINANCIAL STATEMENTS**

**(Specialisation-I : Finance)**

**(2013 PATTERN)**

**Time : Three Hours**

**Maximum Marks : 80**

**N.B. :—** (i) *All* questions are compulsory.

(ii) Figures to the right indicate full marks.

(iii) Use of calculator is allowed.

1. What do you mean by Financial Statements ? Explain the various concepts and conventions used in preparing such statements. [16]

*Or*

(A) Distinguish between Funds Flow Statement and Cash Flow Statement. [8]

(B) What do you mean by Inter-firm Comparison ? Explain its advantages. [8]

2. What is meant by analysis and interpretation of financial statements ? Explain its significance in the modern business. [16]

P.T.O.

*Or*

- (A) What is ratio analysis ? Explain its limitations. [8]
- (B) Distinguish between Common Size Statement and Comparative Statements. [8]
3. Write short notes on (any *two*) : [8]
- (1) Trend Analysis
  - (2) Types of Financial Analysis
  - (3) Capital Gearing Ratio
  - (4) Steps in Financial Statement Analysis.
4. (A) Balance Sheets of ANB Limited as on March 31, 2015 and 2016 are as follows :

**Balance Sheets**

<b>Liabilities</b>	<b>31-3-2015</b>	<b>31-3-2016</b>
Share Capital	50,000	70,000
Profit & Loss Account	26,400	20,900
7% Debentures	55,000	45,000
S. Creditors	14,000	26,000
Bills Payables	7,200	8,500
Provision for Taxation	6,000	8,000
	<u>1,58,600</u>	<u>1,78,400</u>
<b>Assets</b>	<b>31-3-2015</b>	<b>31-3-2016</b>
Fixed Assets	70,000	83,800
Investments	35,000	35,000
Stock	32,000	32,200
S. Debtors	11,000	13,000
Cash	10,000	14,000
Prepaid Insurance	600	400
	<u>1,58,600</u>	<u>1,78,400</u>

*Additional informations :* [10]

- (1) During the year company purchased fixed assets costing Rs. 25,000. Similarly fixed assets costing Rs. 7,000 (WDV Rs. 4,200) disposed off at Rs. 3,500.
- (2) 7% Debentures of Rs. 10,000 were redeemed at 10% premium.
- (3) Tax paid during the amount amounted to Rs. 7,500.

Find out cash from operations for year ended 31st March, 2016.

- (B) The following information is provided by Vinod Industries for year ended 31st March, 2016 :

Sales	Rs. 40,00,000 (of which 10% cash sales)
Gross Profit Ratio	20%
Current Ratio	2.2 : 1
Stock Turnover Ratio	8 Times
Average Collection Period	40 Days (360 days a year)
Current Liabilities to Net Worth	50%
Fixed Asset to Net Worth	70%
Sales to New Worth	4 Times

Find out Net Worth, S. Debtors, Closing Stock, Cash in Hand, Fixed Assets, Current Liabilities. [10]

5. The Financial Position of X Limited as on 31st March 2015 and 31st March 2016 was as follows :

**Balance Sheets of X Ltd.**

<b>Liabilities</b>	<b>31-3-2015</b>	<b>31-3-2016</b>
8% Preference Share Capital	1,00,000	40,000
Equity Share Capital	3,50,000	4,50,000
Reserve Fund	40,000	70,000
Profit & Loss Account	30,000	48,000
S. Creditors	55,000	83,000
Bills Payable	20,000	16,000
Proposed Dividend	42,000	45,000
Provision for Taxation	40,000	50,000
	<u>6,77,000</u>	<u>8,02,000</u>
<b>Assets</b>	<b>31-3-2015</b>	<b>31-3-2016</b>
Goodwill	1,00,000	80,000
Building	2,00,000	1,70,000
Plant and Machinery	80,000	1,85,000
S. Debtors	1,50,000	2,50,000
Stock	87,000	59,000
Bills Receivable	25,000	18,000
Cash and Bank	20,000	30,000
Preliminary Expenses	15,000	10,000
	<u>6,77,000</u>	<u>8,02,000</u>

*Additional informations :*

- (1) Interim Dividend of Rs. 22,500 has been paid during the year 2015-16.

- (2) During the year Income tax paid amounted to Rs. 35,000.
  - (3) Company redeemed 8% Preference Shares of Rs. 60,000 @ 5% premium
  - (4) Depreciation charged on Building and Plant amounted to Rs. 30,000 and Rs. 16,000 respectively.
  - (5) A part of plant was sold for Rs. 20,000 (W.D.V. Rs. 25,000)
- Prepare statement showing changes in working capital and Funds Flow Statement for year ended 31st March, 2016 along with necessary working notes. [20]