

Register No.: ..... Name.: .....

**SAINTGITS COLLEGE OF ENGINEERING (AUTONOMOUS)**

(AFFILIATED TO APJ ABDUL KALAM TECHNOLOGICAL UNIVERSITY, THIRUVANANTHAPURAM)

**THIRD SEMESTER MBA DEGREE EXAMINATION (S), FEBRUARY 2024****(2021 Scheme)****Course Code : 21MBA261****Course Name: Financial Statement Analysis****Max. Marks : 60****Duration: 3 Hours****PART A****(Answer all questions. Each question carries 2 marks)**

1. List out the techniques of financial statement analysis.
2. What is the difference between current ratio and quick ratio?
3. Which are the “sources” of funds in a fund flow statement?
4. Explain forecasting from Accounting Rate of Returns.
5. How is operating assets different from total assets of a company?

**PART B****(Answer any 3 questions. Each question carries 10 marks)**

6. Develop a comparative income statement from the following Income Statement of TOB Co. Ltd and interpret the changes in 2020 in the light of the conditions in 2019.

<b>Particulars</b>	<b>2019(Rs)</b>	<b>2020(Rs)</b>
Gross Sales	₹ 30,600	₹ 36,720
Less: Sales return	₹ 600	₹ 700
Net sales	₹ 30,000	₹ 36,020
Less: Cost of goods sold	₹ 18,200	₹ 20,250
<b>Gross Profit</b>	<b>₹ 11,800</b>	<b>₹ 15,770</b>
Less: Administration expenses	₹ 3,000	₹ 3,400
Less: Selling expenses	₹ 6,000	₹ 6,600
Total operating expenses	₹ 9,000	₹ 10,000
<b>Profit from operations</b>	<b>₹ 2,800</b>	<b>₹ 5,770</b>
Add: Non-Operating Income	₹ 300	₹ 400
Less: Non-operating expenses	₹ 400	₹ 600
<b>Net profit before tax</b>	<b>₹ 2,700</b>	<b>₹ 5,570</b>
Less: Tax @ 50%	₹ 1,350	₹ 2,785
<b>Net Profit after Tax</b>	<b>₹ 1,350</b>	<b>₹ 2,785</b>

7. The following information has been extracted from the books of a company for the year ended 31st March 2018.

Shareholders' funds	Rs 1,00,000
Gross Profit (25% on sales)	Rs 1,00,000
Total assets turnover ratio	2 times
Inventory turnover ratio	6 times
Current ratio	1.8
Long term debt as percentage of shareholders' funds	50%
Credit sales as percentage of total sales	90%
Average collection period (360 days basis)	30 days

Construct a balance sheet

8. "A fund flow statement is a better substitute for an income statement." Do you agree?
9. Identify various forecasting techniques used by managers for strategic decision-making.
10. Explain the steps in Discounted Cash Flow method of valuation.

### PART C

**(Compulsory question, the question carries 20 marks)**

11. Following is the balance sheet of ZT Ltd as on 31<sup>st</sup> March 2020 and 2021

Liabilities	Amount 2020	Amount 2021	Assets	Amount 2020	Amount 2021
Equity share capital	₹ 6,00,000	₹ 8,00,000	Land & Buildings	₹ 1,80,000	₹ 2,20,000
Profit & Loss	₹ 1,00,000	₹ 1,60,000	Plant & Machinery	₹ 5,00,000	₹ 8,00,000
General reserve	₹ 50,000	₹ 70,000	Stock	₹ 1,00,000	₹ 85,000
Provision for taxation	₹ 50,000	₹ 40,000	Bills receivable	₹ 50,000	₹ 30,000
Sundry creditors	₹ 1,10,000	₹ 1,30,000	Debtors	₹ 1,50,000	₹ 1,60,000
Bills payable	₹ 80,000	₹ 90,000	Cash in hand	₹ 20,000	₹ 20,000
Outstanding rent	₹ 10,000	₹ 25,000			
	<b>₹10,00,000</b>	<b>₹13,15,000</b>		<b>₹10,00,000</b>	<b>₹13,15,000</b>

Additional Information:

1. Depreciation for plant and machinery in 2020-21 is Rs 50,000
2. A piece of machinery costing Rs.12000 was sold for Rs.8,000 during 2020-21 (depreciation Rs.7,000 had been provided on it)
3. An interim dividend of Rs. 6,000 was paid during the year
4. Income tax paid during 2021 Rs 45,000

Construct a cash flow statement.

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