

Register No.: Name.:

SAINTGITS COLLEGE OF ENGINEERING (AUTONOMOUS)

(AFFILIATED TO APJ ABDUL KALAM TECHNOLOGICAL UNIVERSITY, THIRUVANANTHAPURAM)

**THIRD SEMESTER MBA DEGREE EXAMINATION (Regular), DECEMBER 2022
(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. What are the uses of financial statements?
2. Illustrate free cash flow
3. What is fund from operations?
4. Explain the importance of forecasting in decision making.
5. List down two activity ratios.

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

6. a. Appraise the purpose of forecasting? (4 marks)
b. Examine the process involved in forecasting (6 marks)
7. Make use of the following information and calculate i. Proprietor's fund, ii. Fixed assets, iii. Closing Debtors, iv. Closing creditors and v. Closing stock

Following information is available from financial statements of K ltd for the year ended 31st March 2017

Inventory turnover ratio	6 times
Average collection period	2 months
Average payment period	73 days
Ratio of Cost of Goods Sold to Proprietor's fund	2
Ratio of Cost of Goods Sold to Fixed assets	4
Gross profit ratio	20%
Closing stock is greater than opening stock by Rs 10,000	
Gross profit for the year is	Rs 1,20,000
Reserves and surplus at end of the year	Rs 40,000

8. a. Identify the role of valuation? (4 marks)
b. Explain the various steps involved in discounted cash flow technique of valuation? (6 marks)

9. Compare and contrast fund flow statement and cash flow statement
10. Construct a common size income statement from the following information and interpret the financial position of the firm

Particulars	2018 (Rs)	2017 (Rs)
Sales	22,165	13,882
Cost of Goods Sold	20,860	12,544
Selling, general and administrative expenses	1,135	752
Interest expense	113	105
Tax	23	192
PAT	34	289

PART C

(Compulsory question, the question carries 20 marks)

11. Assess the cash flow position of the company from the following balance sheet using a cash flow statement

Balance Sheet as on 31st March					
Liabilities	2017 (Amount in Rs)	2018 (Amount in Rs)	Asset	2017 (Amount in Rs)	2018 (Amount in Rs)
Share capital	4,00,000	5,00,000	Buildings	4,00,000	5,00,000
General reserves	80,000	1,40,000	Plant	3,50,000	3,00,000
Profit and loss	60,000	75,000	Stock	4,00,000	2,50,000
Bank loan (long term)	3,00,000	1,00,000	Debtors	50,000	40,000
Trade creditors	3,00,000	1,40,000	Cash at bank	60,000	35,000
Provision for taxation	80,000	1,20,000			
Proposed dividend	40,000	50,000			
	12,60,000	11,25,000		12,60,000	11,25,000

Additional information

1. Dividend paid during the year was Rs 30,000
2. The company sold plant originally costing Rs 50,000 for Rs 40,000 and the depreciation on that was Rs 3,500, loss on sale was debited to profit and loss account
3. The company paid the tax of Rs 60,000 during the year
