



WEST BENGAL STATE UNIVERSITY
B.Com. Honours 6th Semester Examination, 2024

FACADSE07T-B.COM. (DSE3/4)
FINANCIAL STATEMENT ANALYSIS

Time Allotted: 2 Hours

Full Marks: 50

*The figures in the margin indicate full marks.**Candidates should answer in their own words and adhere to the word limit as practicable.***GROUP-A**Answer any *two* questions from the following

10×2 = 20

1. (a) Distinguish between traditional and modern approaches of financial statement analysis. 6+4
- (b) What are the components of a Financial Statement?
2. From the following information prepare a balance sheet of Turbo Ltd. for the year ended 31.03.2024: 10

Current Ratio	2
Liquid Ratio	1.4
Net working capital	Rs. 2,50,000
Cost of Sales/Closing Stock	6 times
Gross Profit Ratio	20%
Average debt collection period	1 month
Fixed Assets/Shareholders' net worth	0.60
Reserve & Surplus/Share Capital	0.40

3. From the following data available from ABC Enterprise, you are required to prepare a Common-size Income Statement of two consecutive years: 10

Particulars	31.03.2023 Rs.	31.03.2024 Rs.
Sales	10,00,000	12,50,000
Add: Commission Received	50,000	75,000
Add: Discount Received	1,00,000	1,25,000
	11,50,000	14,50,000
Cost of Goods sold	8,00,000	9,00,000
Operating Expenses	2,00,000	3,00,000
Non-operating Expenses	50,000	75,000
Profit	1,00,000	1,75,000
	11,50,000	14,50,000

GROUP-B

Answer any two questions from the following

15×2 = 30

4. (a) Distinguish between Fund Flow Statement and Cash Flow Statement. 4+4+7
 (b) Distinguish between Univariate Analysis and Multivariate Analysis.
 (c) State in brief the steps to compute the value of firm using the values of expected free Cash Flow.
5. From the following Balance Sheet, prepare Cash Flow Statement of Z. Ltd. for the year ended March, 2024: 15

Particulars	Note No.	31.03.2024 (Amount in Rs.)	31.03.2023 (Amount in Rs.)
I. Equity and Liabilities:			
1. Shareholders' Fund		12,00,000	8,00,000
Reserve and Surplus (As per P/L)		6,00,000	5,50,000
2. Non-Current Liabilities:			
Long term borrowing	1	50,000	2,50,000
3. Current Liabilities:			
Trade Payables		55,000	75,000
Provision for taxation		80,000	70,000
Total		19,85,000	17,45,000
II. Assets:			
1. Non-Current Assets:			
(a) Fixed Assets			
(i) Tangible Assets	2	10,00,000	9,50,000
(ii) Intangible Assets (Goodwill)		1,50,000	2,00,000
Non-Current Investments		4,00,000	-----
2. Current Assets:			
(i) Inventories		1,00,000	2,00,000
(ii) Trade Receivables		50,000	1,00,000
(iii) Cash and Cash equivalents	3	2,85,000	2,95,000
Total		19,85,000	17,45,000

Notes to Accounts:

Particulars	31.03.2024 (Amount in Rs.)	31.03.2023 (Amount in Rs.)
1. Long term Borrowing:		
8% Debentures		2,50,000
8% Bank Loan	50,000	
2. Tangible Assets:		
(i) Land and Building	6,00,000	5,00,000
(ii) Plant and Machinery	4,00,000	4,50,000
3. Cash and Cash Equivalents:		
(i) Cash in Hand	1,00,000	1,25,000
(ii) Cash at Bank	1,85,000	1,70,000

Additional Information:

- (i) In the year 2023 Rs. 1,50,000 is proposed as dividend and the same is Rs. 1,95,000 for the year 2024.
- (ii) A piece of land amounting to Rs. 1,00,000 is sold at a profit of Rs. 8,000.
- (iii) Debentures were redeemed on 01.10.2023 and on the same day bank loan was granted by the banking authority.
- (iv) Assume rate of depreciation on Plant and Machinery is 12%.
- (v) Tax paid for operating activity is Rs. 60,000.

6. (a) From the following figures, compute trend percentage and interpret the results:

Year	Sales	Cost of goods sold	EBIT	Interest	EBT	EAT
2016	2,00,000	1,30,000	70,000	10,000	60,000	42,000
2017	2,30,000	1,40,000	90,000	10,000	80,000	56,000
2018	2,50,000	1,44,000	1,06,000	15,000	91,000	63,700
2019	2,65,000	1,56,000	1,09,000	15,000	94,000	65,800
2020	2,70,000	1,80,000	90,000	17,000	73,000	51,100
2021	2,60,000	1,95,000	65,000	17,000	48,000	33,600
2022	2,80,000	2,00,000	80,000	20,000	60,000	42,000
2023	2,95,000	2,25,000	70,000	25,000	45,000	31,500

(b) Consider the following Balance Sheet of X Ltd.:

Particulars	31.03.2023 (Amount in Rs.)
I. Equity and Liabilities:	
1. Shareholder's Fund (Rs. 100 per share)	10,00,000
Reserve and Surplus (As per P/L)	5,00,000
2. Non-Current Liabilities:	
Long term borrowing (Debentures Rs. 100 each, interest rate is 6%)	3,50,000
3. Current Liabilities:	
Trade Payables	1,80,000
Provision for taxation	95,000
Total	21,25,000
II. Assets:	
1. Non-Current Assets:	
(a) Fixed Assets:	
(i) Tangible Assets	12,00,000
(ii) Intangible Assets (Goodwill)	1,00,000
Non-Current Investments	5,00,000
2. Current Assets:	
(i) Inventories	2,00,000
(ii) Trade Receivables	50,000
(iiii) Cash and Cash equivalents	75,000
Total	21,25,000

Additional Information:

- (i) Assume Tax rate is 25%.
- (ii) Net sales amounting to Rs. 45,00,000.
- (iii) EPS is Rs. 15.00.
- (iv) Price Earning Ratio is 12.
- (v) Dividend pay-out ratio is 70%.

Using Altman's Z score, calculate Z score and interpret the result.

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