



WEST BENGAL STATE UNIVERSITY

BBA Honours 6th Semester Examination, 2021

BBAADSE08T-BBA (DSE3/4)

FINANCIAL STATEMENT ANALYSIS

Time Allotted: 2 Hours

Full Marks: 50

*The figures in the margin indicate marks of question.
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. From the following data make out a statement of 'Proprietors Fund':

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Proprietary Ratio (F.A. to Proprietor's Equity)	0.75
Current Ratio	2.50
Liquid Ratio	1.50
Capital Gearing (Equity Capital to Preference Capital)	2 : 1
Reserve & Surplus to Equity Capital	0.30
Working Capital	₹90,000
Bank overdraft	₹20,000

There is no long-term loan or fictitious asset.

2. From the five accounting ratios given below, calculate Z Score in case of Rainbow Ltd. using Altman's model and interpret the result.

10

Sales to total assets	2 times
Market value of Equity to Book value of Debt	150%
Working capital to total assets	20%
Retained earnings to total assets	25%
EBIT to total assets	10%

3. Distinguish between Fund Flow Statement and Cash Flow Statement.
4. What do you mean by Trend Analysis? Discuss the merits of Trend Analysis.
5. What are the limitations of Ratio Analysis?
6. What is Dividend Discount Model? Briefly discuss the Gordon Growth Model.

10

4+6

10

2+8

GROUP-B

Answer any two questions from the following

15×2 = 30

7. What do you understand by financial statement analysis? Distinguish between traditional and modern approaches to financial statement analysis.

5+10

8. Information related with Balance Sheet of Goodluck Ltd. as on 31.03.2020 and 31.03.2021 are as follows: 15

[Figures in ₹1000]

Liabilities	31.03.2020 (₹)	31.03.2021 (₹)	Assets	31.03.2020 (₹)	31.3.2021 (₹)
Equity shares (₹10 each)	4,000	4,300	Building	2,500	2,500
Balance of Profit & Loss Statement	980	640	Machinery	1,600	2,000
10% Debenture	2,200	2,050	Land	1,800	1,500
Trade Creditors	800	650	Prepaid expenses	80	65
Provision for taxation	100	125	Inventory	1,550	1,400
Depreciation on Building	500	600	Debtors	650	800
Depreciation on machinery	200	300	Cash and Bank	600	400
	8,780	8,665		8,780	8,665

Additional information:

- Dividend paid during the year ₹4,50,000.
 - Land was sold for cash at a profit of ₹50,000.
 - Machinery costing ₹2,00,000 (W.D.V. ₹40,000) was sold for ₹30,000. Also, machinery costing ₹6,00,000 was purchased.
 - Amount transferred to provision for taxation during the year ₹1,60,000.
- Prepare a Cash Flow Statement for the year ended 31st March, 2021.

9. What do you mean by Common-size Statement? Explain the merits and demerits of Common-size Statement. 5+10
10. From the following figures of the Balance Sheet of PQ Ltd. prepare a Comparative Balance Sheet. 15

Particulars	31.03.2020 (₹)	31.03.2021 (₹)
Equity Share Capital	4,00,000	5,00,000
Preference Share Capital	2,00,000	1,00,000
10% Debentures	1,50,000	1,00,000
Reserve & Surplus	40,000	70,000
Long-term Loan	2,00,000	3,00,000
Investments	2,20,000	2,50,000
Fixed Assets	5,70,000	6,30,000
Current Assets	2,80,000	3,10,000
Current Liabilities	80,000	1,20,000

11. What is Financial Distress? What are the symptoms of Corporate Financial Distress? 5+10
12. Write short notes: 5+5+5
- Price-earnings Ratio.
 - DuPont analysis.
 - Decision-tree analysis.

N.B. : Students have to complete submission of their Answer Scripts through E-mail / Whatsapp to their own respective colleges on the same day / date of examination within 1 hour after end of exam. University / College authorities will not be held responsible for wrong submission (at in proper address). Students are strongly advised not to submit multiple copies of the same answer script.

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