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BBA/M-17
ANALYSIS OF FINANCIAL STATEMENTS
Paper: BBA-109

Time: Three Hours

Maximum Marks: 80

Note: Attempt five questions including No. 1 which is compulsory. All questions carry equal marks.

Compulsory Question

1. Write notes on the following :
 - (i) Provision for Depreciation.
 - (ii) Interim Dividend.
 - (iii) General Reserve.
 - (iv) Earning per Share.
 - (v) Fixed Assets.
 - (vi) Operating Ratio.
2. What do you mean by interpretation and analysis of Financial Statements? What are the limitations of such analysis?
3. What is Ratio Analysis? Explain its objectives and limitations.
4. Given the following information for Mayur Ltd. At the end of 1999. Determine Income Statement and Balance-sheet.

Net Sales	= Rs. 1,00,000
Debtor's Turnover Ratio base on Net Sales	=2
Inventory Turnover Ratio	=1.25
Fixed Assets Turnover Ratio based on Net Sales	=0.8
Total Debt-assets Ratio	=0.6
Net Profit Margin	=5%
Gross Profit Ratio	=25%
Return on Investment based on Total Assets	=2%

Mayur Ltd. Income Statement (For the year ending Dec. 31,1999)

Sales	=	1,00,000
Cost of Goods sold		-
Gross Profit		-
Other Expenses		-
Earning Before Tax		-
Taxes @ 50%		-
Earning After Tax (Net Profit)		-

Balance-Sheet (As on 31-12-1999)

Liabilities	Rs,	Assets	Rs.
Equity	-	Fixed Assets	-
Long Term Debt	-	Inventory	-
Short Term Debt	50,000	Debtors	-
		Cash	-
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	2,50,000		2,50,000

5. What is Funds Flow Statement? Explain its importance and limitations.

6. Prepare a Cash Flow Statement from the following particulars :

Balance-Sheet

Liabilities	31-03-07	31-03-08	Assets	31-03-07	31-03-08
Share Capital	8,00,000	8,00,000	Fixed Assets	15,00,000	17,80,000
Reserves Surplus	9,00,000	9,53,600	Investment	2,20,000	2,05,000
Debentures	3,00,000	3,30,000	Inventory	6,50,000	6,14,000
Provision for			Debtors	2,05,000	2,16,000
Depreciation	3,20,000	4,70,000	Cash	15,000	7,000
Creditors	2,82,000	2,29,000	Bank	40,000	1,600
Income Tax					
Payables	28,000	41,000			
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Total	26,30,000	28,23,600	Total	26,30,000	28,23,600

Additional Information :

- Fixed Assets for Rs. 2,00,000 were purchased during the year for cash.
- Fixed Assets costing Rs. 40,000 (Accumulated Depreciation Rs.17000) were sold for Rs. 10,000 during the year.

- (iii) Debentures of Face value Rs. 1,20,000 issued in exchange of fixed assets during the year.
- (iv) Debentures of Rs. 90,000 redeemed during the year at par.
- (v) Investment of Rs. 45,000 purchased during the year.
- (vi) Some Investment cost Rs. 60,000, sold for Rs. 86,000 during the year.
- (vii) Interest on Investment received during the year Rs. 8,000.
- (viii) Debentures Interest paid Rs. 42,000 during the year.
- (ix) Dividend @ 15% was paid on Share capital along with Rs. 12,000 for Dividend tax.

7. Distinguish between Funds Flow Statement and Cash Flow Statement. Discuss the objectives and limitations of Cash Flow Statement.

8. Explain the following :

- (ii) Schedule of Change in Working Capital.
- (i) Return on Capital Employed.