



**WEST BENGAL STATE UNIVERSITY**  
B.Com. Programme 6th Semester Examination, 2021

**FACGDSE07T-B.COM. (DSE2)**

**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 information prepare a comparative Balance Sheet of Z Ltd. and interpret the financial position.

**Balance Sheet**  
**As at 31<sup>st</sup> December**

Liabilities	2020	2021	Assets	2020	2021
	₹	₹		₹	₹
Equity capital	5,00,000	7,00,000	Land & Building	3,80,000	3,25,000
Reserves and surplus	4,50,000	3,70,000	Plant & Machinery	4,25,000	6,00,000
Debentures	2,50,000	3,00,000	Furniture & Fixtures	35,000	40,000
Long-term loan	1,75,000	2,00,000	Other Fixed Assets	20,000	25,000
Bills Payable	35,000	30,000	Stock	2,75,000	3,15,000
Sundry creditors	80,000	1,05,000	Sundry Debtors	3,25,000	3,60,000
Other Current liabilities	4,000	6,000	Bills Receivable	20,000	30,000
			Cash and Bank	14,000	11,000
			Prepaid Expenses	–	5,000
	<b>14,94,000</b>	<b>17,11,000</b>		<b>14,94,000</b>	<b>17,11,000</b>

2. Following are the Income Statements of a company for the year ending 31st March, 2020 and 2021:

	2020 (₹ in '000)	2021 (₹ in '000)
Sales	4,000	6,000
Miscellaneous Income	300	450
	4,300	6,450
<b>Expenses</b>		
Cost of sales	2,900	4,600
Office expenses	100	250
Selling expenses	50	100
Interest	25	50
	3,525	5,000
Net Profit	775	1450
	<b>4,300</b>	<b>6,450</b>

Prepare a common-size Income Statement and comment on the financial performance of the company.

3. Define DuPont analysis. Draw DuPont chart. 2+8

4. From the following information prepare a Trend Analysis

Accounting year	Sales (₹)	Cost of goods sold (₹)	Gross margin (₹)	Capital Employed (₹)
2000-01	1000	600	320	800
2001-02	1400	900	450	900
2002-03	1700	1100	500	1250
2003-04	2300	1500	700	1500
2004-05	3900	2600	1200	1700
2005-06	4400	3800	575	1900
2006-07	4600	3900	625	1950
2007-08	6000	5000	800	2100

5. Describe Dividend Discount Model and Price-Earnings Ratio. 5+5

6. Discuss the significance of Financial Statement. Describe the various qualitative characteristics of Financial Statement. 4+6

### GROUP-B

Answer any *two* questions from the following

15×2 = 30

7. From the following Balance Sheet of S Ltd. prepare:  
(i) Statement of Changes in Working Capital and (ii) Fund Flow Statement 3+12

Liabilities	31.03.2019 (₹)	31.03.2020 (₹)	Assets	31.03.2019 (₹)	31.03.2020 (₹)
Equity Share Capital	6,00,000	8,00,000	Land & Building	1,80,000	2,20,000
Profit & Loss A/C	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:

(i) Depreciation on Plant & Machinery in 2020 Rs. 50,000.

(ii) A piece of Machinery costing Rs. 12,000 was sold for Rs. 8,000 during 2020 (depreciation of Rs. 7,000 had been provided on it).

8. Write short notes on Liquidity, Profitability and Solvency Ratios of firm. 5×3=15

9. From the following particulars prepare the Balance Sheet of S Ltd. for the year ended 31.12.2020

Fixed Assets to net Worth	5:8
Current Ratio	2:1
Acid Test Ratio	1:1
Reserves to Proprietors' Funds	1:5
Current Liabilities	₹36,000
Cash in hand	₹1,500
Fixed Assets	₹60,000

10. You are required to prepare a cash flow statement from the following information:

Liabilities	1.1.2020	31.12.2020	Assets	1.1.2020	31.12.2020
	(₹)	(₹)		(₹)	(₹)
Creditors	40,000	44,000	Cash	10,000	7,000
Mrs. A's Loan	25,000	-	Debtors	30,000	50,000
Loan from bank	40,000	50,000	Stock	35,000	25,000
Capital	1,25,000	1,53,000	Machinery	80,000	55,000
			Land	40,000	50,000
			Building	35,000	60,000
	<b>2,30,000</b>	<b>2,47,000</b>		<b>2,30,000</b>	<b>2,47,000</b>

During the year, a machine costing ₹10,000 (accumulated depreciation ₹3,000) was sold for ₹5,000. The provisions for depreciation against machinery as on 1-1-2020 was ₹25,000 and on 31-12-2020 ₹40,000. Net profit for the year 2020 amounted to ₹45,000.

11. From the five accounting Ratios given below, calculate Z score in case of X Ltd., using Altman's function and interpret the results.
- 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%

12. Discuss the causes and symptoms of corporate financial distress.

13. Write down the differences between cash flow statement and fund flow statement. Is depreciation a source of fund?

10+5

**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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