School of Management & Business Studies
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Examination: MBA General Semester-III
Financial Statement Analysis (Paper Code-MBA FM 04)

Time:3hrs Maximum Marks:75

Attempt any 5 Question. Each question carries 15 marks

Q.1 From the following Balance sheet and Income statement Of ABC Ltd. prepare a pro forma financial statement for the year 2020 taking into consideration the average of the following 3 years by percent of sales method if the expected sales for the year 2020 is Rs. 3,50,000

Assets	**2017**	**2018**	**2019**
Fixed Assets	2,40,000	2,60,000	3,00,000
Investments	20,000	20,000	25,000
Current Assets:			
Cash	2000	3500	4000
Accounts Receivables	4000	2500	3500
Inventories	3200	5600	10,000
Miscellaneous Expenditure	30,000	30,000	25,000
	3,00,400	**3,25,000**	**3,67,500**
Liabilities	**2017**	**2018**	**2,019**
Share Capital:			
Equity	2,50,000	2,60,000	2,87,000
Reserves and Surplus	34,000	40,000	42,000
Secured Loan	6000	4000	12,000
Bank Borrowings	1400	3500	6000
Current Liabilities :			
Trade Creditors	6000	10000	14500
Provisions	3000	2500	6000
	3,00,400	**3,25,000**	**3,67,500**

Particulars	**2017**	**2018**	**2019**
Net Sales	40,600	49,900	43,700
Cost of goods sold	18,000	20,000	22,000
Gross Profit	22,600	29,900	21,700
Selling expenses	3400	4000	10,000
General Expenses	1300	1400	11,700
Depreciation	2300	2500	2700
Profit before interest and tax	15,600	22,000	9,000
Interest	2000	2000	2000
Profit before tax	13,600	20,000	7000
Tax @ 50%	6800	10,000	3500

Profit after tax	6800	10,000	3500
Dividend	3400	4000	1500
Retained Earning	3400	6000	2000

Q.2
Describe how you can do a cash flow statement analysis just by looking at its numbers?

Q.3 Following is the Balance sheet and profit and loss a/c of Atlantis Ltd. For the year 2016 and 2017, Prepare the Cash flow statement of Atlantis Ltd for the year 2017.

Assets	2017	2018
Cash	172800	156000
Sundry Debtors	1053600	1206000
Inventory	2145600	2508000
Total Current Asset	**3372000**	**3870000**
Fixed Assets	1473000	1581000
Less: Accumulated Depreciation	438600	498600
Net Fixed Assets	1034400	1082400
Total Assets	**4406400**	**4952400**
Liabilities	**2017**	**2018**
Accounts Payable	436800	525600
Notes Payable	600000	675000
Accruals	408000	420000
Total Current liabilities	**1444800**	**1620600**
Long term Debt	970296	1273836
Equity	1380000	1380000
Retained Earning	611304	677964
Total Liabilities and Equity	**4406400**	**4952400**

Income statement of Atlantis Ltd.

Particulars	2017	2018
Sales	10520510	11564000
Cost of Goods Sold	8592009	9750000
Gross Profit	1928510	1814000
Selling and General expenses	1220000	1290900
Depreciation	56700	60000
Operating Profit (PBIT)	651810	463100
Interest Expenses	187500	228000
PBT	464310	235100
Taxes @40%	185724	94040
Net Profit	278586	141060
Dividend payment	0	74400

Q.4 Prepare a common sized financial statement for ABC Ltd for all the 3 years for Abc Ltd in Q.1

Q.5 Discuss the various techniques of window dressing used by the companies involved in accounting scam by citing example of accounting scandal by any company.

Q.6 From the following ratios of Reliance Ltd, complete the financial statement of Reliance Ltd

Net Profit Margin ratio – 4% Current Ratio-1.5 Return on Equity- 14%

Debt Asset Ratio- 0.40 Inventory Turnover Ratio-25%

Income statement	Amount
Sales	
Cost of Goods Sold	
Operating Expenses	700
EBIT	
Interest	45
Profit before tax	
Tax (@50%)	
Profit after Tax	

Liabilities	**Amount**	**Assets**	**Amount**
Net Worth		**Fixed Assets**	
Long term Debt		**Current Assets**	**180**
(@ 15% interest)		Cash	
Accounts Payable		Receivables 60	
		Inventory	

Q.7 Discuss the regulatory framework guiding the financial statement reporting in India?

Q.8 Calculate liquidity ratio, leverage ratio, profitability ratio, turnover ratio, for the year 2018 and 2019 for ABC Ltd and present your analysis for the same. Also calculate the operating cycle and cash cycle of ABC Ltd for 2018 and 2019.