SET A Roll No.............

Department of Management
School of Management and Business Studies
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MBA III Semester Examination - December 2025

Subject Name: Financial Statement Analysis **Max. Marks: 60**

Subject Code: MBA-GE-FM-04 **Time: 2.5 Hours**

Attempt any Five Questions. All questions carry equal marks (5 x 12 = 60)

Q1: Prepare Cash Flow Statement

Balance Sheet

Liabilities	1.1.23 (Rs)	31.12.23 (Rs)	Assets	1.1.23 (Rs)	31.12.23 (Rs)
Share Capital	1,00,000	4,00,000	Goodwill	-	20,000
8% Debenture	-	2,00,000	Machinery	1,25,000	4,75,000
Retained Earnings	60,000	90,000	Stock	20,000	80,000
Creditors	40,000	1,00,000	Debtor	30,000	1,00,000
Bills Payable	20,000	40,000	Bank	50,000	1,50,000
Tax Provision	30,000	40,000	Cash	25,000	45,000
Total	**2,50,000**	**8,70,000**	**Total**	**2,50,000**	**8,70,000**

Additional Information:

1. Purchased a sole trader's business by issuing shares for Rs. 2,00,000.
   Assets acquired:
   Goodwill: Rs. 20,000
   Machinery: Rs. 1,00,000
   Stock: Rs. 50,000
   Debtors: Rs. 30,000
2. Provision for tax charged in 2006: Rs. 35,000.
3. Debentures issued at 5% premium (included in retained earnings).
4. Depreciation charged on machinery: Rs. 30,000.

Q2 : Using the following information, prepare the Balance Sheet given below:

Financial Ratios & Information	
Long-term debt to net worth	0.5 to 1
Total asset turnover	2.5 times
Average collection period*	18 days
Inventory turnover	9 times
Gross profit margin	10%
Acid-test ratio	1 to 1

**Assume a 360-day year and all sales are on credit.*

Balance Sheet

Assets	Amount (₹)	Liabilities & Equity	Amount (₹)
Cash		Notes and payables	1,00,000
Accounts receivable		Long-term debt	

Inventory	______	Common stock	1,00,000
Plant and equipment	______	Retained earnings	1,00,000
Total assets	______	**Total liabilities and equity**	______

Q3: The following accounting information and financial ratios of PVR Ltd. relate to the year ended 31st December, 2024:

Accounting Information	**Particulars**
Gross Profit	15% of Sales
Net profit	8% of Sales
Raw materials consumed	20% of Works Cost
Direct wages	10% of Works Cost
Stock of raw materials	3 months' usage
Stock of finished goods	6% of Works Cost
Debt collection period	60 days

Note: All sales are on credit.

Financial Ratios	
Fixed Assets to Sales	**1: 3**
Fixed Assets to Current Assets	**13: 11**
Current Ratio	**2: 1**
Long-term Loans to Current Liabilities	**2: 1**
Capital to Reserves and Surplus	**1: 4**

Additional Information:

The value of Fixed Assets as on 31st December, 2023 amounted to ₹ 26,00,000, prepare a summarized Profit and Loss Account of the company for the year ended 31st December, 2024 and also the Balance Sheet as on 31st December, 2024.

Q4: Apex Horizon Ltd. provides you with the following incomplete extracts from its financial records for the years ended 31st March 2024 and 2025.

Statement of Profit & Loss Information

Particulars	**31st March 2024 (₹)**	**31st March 2025 (₹)**
Revenue from Operations (Sales)	40,00,000	(A)
Cost of Materials Consumed	(B)	33,00,000
Employee Benefit Expenses	4,00,000	6,00,000
Finance Costs (Interest)	1,00,000	1,00,000
Profit Before Tax	8,00,000	(C)
Tax Expenses (30%)	(D)	3,00,000

Balance Sheet Information

Particulars	**31st March 2024 (₹)**	**31st March 2025 (₹)**
Equity & Liabilities		
Shareholder's Funds	25,00,000	35,00,000
Non-Current Liabilities (10% Debentures)	(E)	(E)
Current Liabilities	5,00,000	(F)
Total Liabilities	40,00,000	(G)
Assets		
Non-Current Assets	28,00,000	40,00,000

Current Assets	(H)	15,00,000
Total Assets	(I)	(J)

Additional Information to Find Missing Values:

1. Revenue from Operations increased by 25% in 2025 compared to 2024.
2. In 2024, the Gross Profit Margin was 30% of Sales.
3. The company issued 10% Debentures several years ago and has neither repaid nor issued new debentures.

You are Required to:

1. Calculate the missing values marked (A) through (J) with clearly shown working notes.
2. Prepare a Comparative Statement of Profit & Loss for the years 2024 and 2025.
3. Prepare a Common-Size Balance Sheet for the years 2024 and 2025.

Q5 a): You are provided with the following financial data for Beta Corp. for the year 2025:

Income Statement Data	**Amount ($)**
Revenue (Sales)	1,200,000
Cost of Goods Sold (COGS)	750,000
Operating Expenses	200,000
Interest Expense	50,000
Tax (at 30%)	?
Balance Sheet Data	
Cash	40,000
Accounts Receivable	160,000
Inventory	200,000
Net Fixed Assets	600,000
Accounts Payable	150,000
Long-term Debt	300,000
Total Shareholders' Equity	550,000
Market Data	
Market Price per Share	$42.00
Number of Shares Outstanding	20,000

Calculate the following ratios and show your formulas:

1. Current Ratio
2. Debt-to-Equity Ratio
3. Inventory Turnover (use COGS)
4. Net Profit Margin
5. Price-to-Earnings (P/E) Ratio

Q5 b): Identify three distinct users of financial analysis. For each user, name the *one* ratio category from ratio analysis, they would be *most* interested in and provide a comprehensive explanation for *why* that category is critical to their decision-making.

Q6: Company ABC Ltd. has provided the following financial data for the year ending December 31, 2023:

Balance Sheet

Item	**2025 ($)**
Total Assets	15,000,000
Current Assets	6,000,000
Cash	1,500,000
Receivables	2,000,000

Inventory	2,500,000
Property, Plant & Equipment	5,000,000
Intangible Assets	1,000,000
Total Liabilities	8,000,000
Current Liabilities	3,000,000
Long-term Debt	5,000,000
Shareholders' Equity	7,000,000

Income Statement

Item	2025 ($)
Revenue	12,000,000
Cost of Goods Sold (COGS)	6,000,000
Gross Profit	6,000,000
Operating Expenses	2,500,000
Interest Expense	200,000
Tax Expense	400,000
Net Income	1,900,000

You are required to:

1. Calculate the Gross Profit Margin, Operating Profit Margin, Net Profit Margin, and Return on Assets (ROA).
2. Discuss the implications of these ratios for profitability and efficiency.
3. Prepare a Common-Size Income Statement and Balance Sheet for the year 2025.
4. Discuss the importance of these ratios in financial statement analysis.

Q7 (a): Company **GreenTech Ltd.** has implemented the following **ESG initiatives**:

Environmental	**Amount ($)**
Renewable Energy Investment	1,000,000
Carbon Emission Reduction	12%
Social	**Amount ($)**
Community Engagement	500,000
Employee Health and Safety	200,000
Financial Data	**2023 ($)**
Revenue	10,000,000
Net Income	1,500,000

1. Analyze the financial impact of ESG initiatives on profitability and cost structure.
2. Recommend key ESG performance indicators (KPIs) for GreenTech Ltd. to include in its annual ESG reporting.
3. Discuss the relationship between ESG investments and long-term financial performance.

Q7 (b): Company **Global Enterprises Ltd.** operates in both the U.S. (GAAP) and Europe (IFRS). The following financial data is available:

Balance Sheet

Item	U.S. (USD)	Europe (EUR)
Total Assets	6,000,000	5,200,000
Liabilities	3,000,000	2,500,000
Shareholders' Equity	3,000,000	2,700,000

1. Discuss the key differences between U.S. GAAP and IFRS in terms of revenue recognition and asset valuation.

2. How would these differences affect the consolidation of financial statements for Global Enterprises Ltd.?

Q8: The following information is provided by Eternal Traders for the year ended 31st March 2025. You are required to prepare the Trading Account, Profit and Loss Account, and the **Balance Sheet**

Particulars:
Opening Stock as on 1st April 2024: ₹40,000
Purchases during the year: ₹2,50,000
Sales during the year: ₹4,00,000
Closing Stock as on 31st March 2025: ₹50,000
Wages Paid: ₹30,000
Rent Paid: ₹12,000
Salaries Paid: ₹40,000
Insurance Premium Paid: ₹6,000
Depreciation on Machinery (10% on ₹1,50,000) and Furniture (5% on ₹80,000)
Interest on Bank Loan: ₹4,000
Outstanding Expenses: ₹5,000 (for Salaries)
Advance Income Tax Paid: ₹7,000
Drawings by the Proprietor: ₹15,000
Capital Introduced during the year: ₹50,000
Bank Loan outstanding: ₹1,00,000
Provision for Bad Debts at 5% of Sundry Debtors: ₹10,000 (Sundry Debtors as on 31st March 2025: ₹1,00,000)
Goods Withdrawn for Personal Use by the Proprietor: ₹8,000

You are Required to:

1. Prepare the Trading Account for the year ended 31st March 2025.
2. Prepare the Profit and Loss Account for the year ended 31st March 2025.
3. Prepare the Balance Sheet as on 31st March 2025.