DEPARTMENT OF MANAGEMENT

School of Management & Business Studies

JamiaHamdard

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 Discuss in detail the regulatory framework of financial reporting in India

Q.2 Write short note on :

a) Window Dressing
b) Cashflow Statement Analysis
c) Guidelines to be followed while using Financial Statement

Q.3Following 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	**2016**	**2017**
Cash	86,400	78,000
Sundry Debtors	526,800	603,000
Inventory	1,072,800	1,254,000
Total Current Asset	**1,686,000**	**1,935,000**
Fixed Assets	736,500	790500
Less:Accumulated Depreciation	219,300	249300
Net Fixed Assets	517,200	541200
Total Assets	**2,203,200**	**2476200**
Liabilities		
Accounts Payable	218,400	262800
Notes Payable	300,000	337500
Accruals	204,000	210000
Total Current liabilities	**722,400**	**810300**
Long term Debt	485,148	636918
Equity	690,000	690000
Retained Earning	305,652	338982
Total Liabilities and Equity	**2,203,200**	**2476200**

Particulars	2016	2017
Sales	5,260,255	5,782,000
Cost of Goods Sold	4,296,000	4,875,000
Gross Profit	964,255	907,000
Selling and General expenses	610,000	645,450
Depreciation	28,350	30,000
Operating Profit (PBIT)	325,905	231,550
Interest Expenses	93,750	114,000
PBT	232,155	117,550
Taxes @40%	92,862	47,020
Net Profit	139,293	70,530
Dividend payment	0	37,200

Q.4From the following Financial Statement of Horizon Ltd. Calculate the liquidity ratio, profitability ratio, leverage ratio and turnover ratio for both the years and state your analysis for the same.

Income Statement for Horizon Ltd.

Particulars	2016	2017
Net Sales	7,43,000	8,50,000
Cost of Goods Sold	1,47,000	2,37,000
Gross Profit	5,96,000	6,13,000
Administrative expenses	112,000	1,35,000
Depreciation	34,000	37,000
PBIT	4,50,000	4,41,000
Interest	1,35,000	1,35,000
PBT	3,15,000	3,06,000
Taxes @ 30%	94,500	91,800
PAT	2,20,500	2,14,200

Balancesheet	2016	2017
Assets	Amt. (Rs.)	Amt. (Rs.)
Fixed asset	13,40,000	13,40,000
Investment	2,00,000	3,00,000
Current Assets		
Cash and Bank	1,45,000	1,25,000
Receivables	3,18,000	3,45,000
Inventory	2,00,000	3,20,000

Pre-paid expenses	85,000	45,000
Miscellaneous Expenditure	1,20,000	1,50,000
Total	**24,08,000**	**26,25,000**
	2016	**2017**
Liabilities	**Amt. (Rs.)**	**Amt. (Rs.)**
Share Capital	15,40,000	15,40,000
Equity	13,00,000	13,00,000
Preference	2,40,000	2,40,000
Reserves and Surplus	2,34,000	2,00,000
Secured Loan	1,48,000	225,000
Unsecured Loan	1,50,000	2,20,000
Current Liabilities	2,36,000	2,40,000
Provisions	1,00,000	2,00,000
Total	**24,08,000**	**26,25,000**

Q.5 Prepare standardized financial statement of Horizon Ltd. for the year 2016 and 2017 given in Q.3

Q.6 Discuss in detail any two case of financial statement reporting scam.

Q.7 a) ABC Ltd net sales for the year is Rs. 1,05,00,000. If the company's net profit margin is 4%, interest coverage ratio is 6 times while tax rate applicable is 30%, what is the total interest charged?

b)Determine the sales and COGS of the firm, if the firms current ratio is 1.6 times, acid test ratio is 1.25 times, current liabilities = Rs. 10,00,000 and inventory turnover ratio is 5 times and gross profit margin is 1.2%

c) ABC Ltd. has a total asset turnover ratio 1.5 times, debt asset ratio of 0.7 times, while the net profit margin is 5%. What is the return on equity of ABC Ltd.?

Q.8 .Prepare Pro-forma Profit and Loss account and Balance sheet for Atlantis Ltd. (Q.2) for the year 2018 by combination method, if the estimated Sales for 2018 is Rs. 60,00,000, with the following adjustments:

1. Cost of goods sold and administrative expenses to be valued by percent of sales method.

2. Depreciation for the year 2018 amounts to Rs.40,000 while the interest increases by 10% compared to the previous year.

3. Fixed Assets remains unchanged, Inventory to be valued at Rs. 13,50,000

4. Current assets to be valued by percent of sales method

5. Share capital remains same as in previous year, long term debt is estimated to increase by Rs.1,00,000, while accruals is estimated to decrease by Rs.10,000, all other current liabilities to be estimated by percent of sales method.