

Reg. No. _____ Name: _____

APJ ABDUL KALAM TECHNOLOGICAL UNIVERSITY
FOURTH TRIMESTER MBA DEGREE EXAMINATION SEPT 2018

FIN-T4-6 FINANCIAL STATEMENT ANALYSIS

Max. Marks: 60

Duration: 3 Hours

Part A

Answer all questions. Each question carries 2 marks

1. State any four elements of an income statement.
2. List any two Merits and demerits of trend analysis.
3. Give the importance of solvency analysis.
4. Write a brief note on cash flow from operating activities.
5. Mention any two differences between book value and market value of a share.

(5x2 marks = 10 marks)

Part B

Answer any 3 questions. Each question carries 10 marks

6. Briefly explain four different tools used for Financial Statement Analysis.
7. "Ratio analysis is only a technique for making judgment and not a substitute for judgments" Examine.
8. From the following balance sheet prepare a cash flow statement for the year ending 31/03/2015. All amounts are in Rupees.

Liabilities	2014	2015	Assets	2014	2015
Equity share capital	200000	300000	Cash	60000	30000
Long term loan	100000	100000	Stock	120000	190000
Creditors	150000	200000	Debtors	80000	120000
Bills payable	200000	300000	Goodwill	200000	150000
Retained earnings	180000	200000	Plant and Machinery	100000	200000
			Land and buildings	200000	400000
			Furniture	70000	10000
	830000	1100000		830000	1100000

- a) Operating expenses include depreciation Rs. 80000 and amortization of Goodwill Rs. 50000. A machine has been sold for Rs. 15000. The written down value of the machine was Rs. 40000 and Rs. 20000 depreciation is charged on the same in 2015.
 - b) Plant and machinery was purchased for cash Rs. 140000 and land and buildings for RS.260000.
 - c) Furniture was sold for cash Rs.60000.
 - d) Equity shares were issued for cash Rs.100000.
 - e) Dividend paid in cash Rs.80000
 - f) Net profit for the year ending 31/3/2015 was Rs.100000
9. Explain the meaning, significance and Steps involved in the process of DuPont Analysis.
 10. From the following information, find out:
 - a) Current assets b) Current liabilities c) Liquid assets d) Fixed assets e) Stock in trade.

Current ratio is 2.5, Proprietary ratio (Fixed assets / proprietary funds) is 0.75, Working capital is Rs. 60000, Reserve and surplus is Rs.40000, and Bank overdraft Rs.10000. There is no long term loan or fictitious asset.

(3x10 marks = 30 marks)

Part C

Compulsory question, the question carries 20 marks

11.(a) Prepare a Balance sheet from the particulars furnished below:

Stock velocity: 6

Gross profit margin : 20%

Capital turnover ratio: 2

Fixed asset turnover ratio: 4

Debt collection period : 2 months

Creditors payment period: 73 days

Gross profit- Rs.60000

Excess of closing stock over opening stock-Rs.5000 (12)

(b) Steps involved in the process of WACC calculation and also explain its uses in decision making? (8)
