

Bachelor of Vocation (Banking & Financial Services) - 3rd Semester
(Batch 2020-23)
(2221)

Paper : BVC-305 Financial Statement Analysis

Time allowed: 3 hrs.

Max. Marks: 50

Note: - Attempt five questions in all selecting at least one question from each Section. Fifth question may be attempted from any Section. All questions carry 10 marks each.

Section A

1. "Financial statements are the product of accounting postulates, recorded facts and the personal judgement of those who prepare them". Do you agree?
2. What do you mean by balance sheet? Examine the contents of the balance sheet of a company as per the Companies Act.

Section B

- 3 what do you mean by common size financial statements? What are their uses? How would you prepare common size financial statements?
4. You have been given the following balance sheet of ABC Limited as on 31st March 2014 and the additional information:

Liabilities	31 st Dec. 2020 Rs.	Assets	31 st Dec. 2020 Rs.
Share capital	5,00,000	Buildings	6,00,000
General reserve	4,50,000	Machinery	3,00,000
10% Debentures	3,00,000	Stocks	2,50,000
Sundry creditors	2,00,000	Debtors	1,50,000
Provision for tax	25,000	Investments	1,75,000
Outstanding expenses	45,000	Cash	45,000
	15,20,000		15,20,000

The stock and debtors of the company of the company as on 1st January 2020 were Rs. 2,60,000 and Rs. 1,80,000 respectively; Sales of the company for the year ended on 31st december 2020 were Rs.24,00,000 on which company earned a gross profit of Rs. 6,00,000. Compute the following ratios;

- a) Working capital ratio

Contd....P/2

(2)

- b) Acid test ratio
- c) Stock turnover ratio
- d) Average collection period
- e) Debt equity ratio
- f) Proprietary ratio
- g) Fixed assets to net worth ratio
- h) Fixed assets to long term funds ratio

Section C

5. What do you mean by working capital financing mix? How would you select an appropriate working capital financing mix?

6. From the following balance sheet and the additional information, you are required to prepare fund flow statement for the year ended 31st December 2013.

Liabilities	31 st Dec. 2012 Rs.	31 st Dec. 2013 Rs.	Assets	31 st Dec. 2012 Rs.	31 st Dec. 2013 Rs.
Share capital	6,00,000	7,00,000	Buildings	8,00,000	9,50,000
General reserve	6,00,000	6,50,000	Machinery	6,00,000	7,25,000
P/L A/c	3,00,000	2,50,000	Stocks	5,00,000	4,00,000
10% Debentures	6,00,000	6,00,000	Debtors	3,00,000	2,50,000
Sundry creditors	4,00,000	4,50,000	Investments	3,50,000	3,00,000
Provision for tax	50,000	75,000	Cash	50,000	45,000
Outstanding expenses	40,000	15,000	Goodwill	-----	25,000
Pre-received incomes	50,000	10,000	Prepaid expenses	40,000	55,000
	26,40,000	27,50,000		26,40,000	27,50,000

Additional information:

- i. During 2013 dividends of Rs. 40,000 were paid
- ii. Depreciation on plant and machinery amounted to Rs. 60,000
- iii. Provision for tax made during the year Rs. 70,000
- iv. Loss on sale of machinery amounted to Rs. 12,000

Section D

7. What are the objectives of receivables management? Explain the operative functions of receivable management?

8. What do you mean by inventory control? What are the different techniques which can be used for inventory control?

1290(2221)100