

Seat No. : _____

DB-114

December-2013

5 Years M.B.A. Integrated (K.S.)

T.Y. M.B.A. (Sem.-V)

Financial Statement Analysis and Reporting

Time : 3 Hours]

[Max. Marks : 100

- Instructions :** (1) Attempt all **five** questions.
(2) State suitable examples wherever necessary.

1. Answer **any two** of the following : **20**

- (1) Explain the accounting process in detail.
(2) Why accounting is known as 'language of business' ? Who are users of accounting ?
(3) Explain various types of assets appearing in the balance sheet of a company.

2. (a) Describe various regulatory bodies for financial accounting in India. **10**

(b) Explain the limitations of financial statement. **5**

OR

(b) Explain importance of financial statement.

(c) Assuming a person want to make detailed research on financial statements of Reliance Industries. From where can he get information or data of company ? **5**

3. (a) Write a note on Window Dressing. **6**

(b) Explain Inter-firm and Intra-firm Comparison with an example. **4**

- (c) From given information of Mr. Khan Ltd. Prepare Cash Flow Statement for the year ended on 31/3/13.

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Liabilities		31/3/12	31/3/13	Assets		31/3/12	31/3/13
		₹	₹			₹	₹
Equity Share Capital	Share	7,50,000	8,75,000	Fixed Assets (Net)		12,75,000	15,50,000
Pref. Share Capital	Share	5,00,000	2,50,000	Investments		75,000	2,00,000
Debentures		2,50,000	5,00,000	Cash and Bank Balance		1,00,000	1,87,500
Profit and Loss A/c		2,75,000	6,75,000	Debtors		2,50,000	5,00,000
Creditors		1,75,000	3,62,500	Stock		2,50,000	2,25,000
Bad Debt Reserve	Debt	30,000	40,000	Debtore Discount		30,000	40,000
		19,80,000	27,02,500			19,80,000	27,02,500

Adjustments :

- Interim Dividend of 70,000 was paid on equity shares on 31st March, 2013.
- Dividend on preference shares paid on 31st March, 2013 amounted to 55,000.
- Preference shares were redeemed at 5% premium on 31st March, 2013.
- A machine was sold for 62,500 (Its book value was ₹ 1,00,000).
- During the year, depreciation charged was 1,75,000.

4. (a) The Balance Sheet of Solid Co. Ltd., a dividend paying company, is given below. 14
Balance Sheet of Solid Co. Ltd. as on 31-3-13.

Liabilities	₹	Assets	₹
Equity share capital	8,00,000	Land and Building	5,00,000
General Reserve	4,00,000	Machinery	2,60,000
Profit and loss account	3,40,000	Temporary Investment	5,40,000
8% Debentures	5,00,000	Stock	3,50,000
Creditors	2,00,000	Debtors	4,00,000
Bills Payable	1,00,000	Prepaid expenses	60,000
Provident fund	60,000	Advance Income-tax	1,60,000
Bank overdraft (SBI Bank)	80,000	Bills receivable	1,00,000
Outstanding expenses	20,000	Cash balance	40,000
		Balance in Bank of India	80,000
		Debtore discount	10,000
	25,00,000		25,00,000

Additional Information :

- Cash sale is 20% of total sales.
- Stock on 1-4-2012 was ₹ 2,50,000.
- Debtors ratio is 90 days. Consider 360 days of the year.
- Gross profit is 40% of sales.
- Net profit (before interest and tax) is ₹ 5,00,000.
- Rate of taxation is 50%.

Calculate the following ratios :

- Stock turnover Ratio
- Current Ratio
- Liquid Ratio
- Rate of Return on Capital Employed
- Rate of Return on Equity Share Capital
- Net Profit Ratio
- Creditors Velocity Ratio (in days)

(b) What is Ratio Analysis ? Discuss the role of 'Ratio Analysis' in Decision making process of a growing concern. **6**

5. (a) Answer the following questions :

(1) What do you mean by "Reporting" ? Explain the purposes of reporting in an organization. **5**

(2) "Written report is the most common mode of reporting." – Discuss the arguments in favour of this statement. **5**

(b) Explain content of Annual Report in brief. **10**
