

NB-139

December-2015

T.Y. M.B.A., Integrated**Financial Analysis and Reporting****Time : 3 Hours]****[Max. Marks : 100**

1. (a) Answer the following questions : **10**
- (1) What is meant by Debit balance and Credit balance ? Is a debit balance favourable and a credit balance unfavourable ?
- (2) What is an adjusted trial balance ? Why is it prepared ?
- (b) Compare and contrast horizontal balance sheet with that of vertical balance sheet (latest format). **10**
2. Answer the following questions (any **two**) : **20**
- (a) Explain various users of financial statements in detail.
- (b) Explain the objectives of financial statement analysis. Also, explain various sources of information for such analysis.
- (c) Explain the important provisions of the Companies Act regarding Financial Accounting of Indian companies.
3. (a) From the following particulars, prepare a common size Balance Sheet of A Ltd. and interpret it. **5**

Balance Sheet of A Ltd. as on 31st March, 2014 and 31st March, 2015**(₹ in lakhs)**

| Particulars | 2013-14 | 2014-15 |
|-----------------------------|----------------|----------------|
| Sources of funds | | |
| Equity | 4,000 | 4,500 |
| Long term Liabilities | 2,000 | 2,000 |
| Current Liabilities | 1,000 | 2,500 |
| | 7,000 | 9,000 |
| Application of funds | | |
| Fixed Assets | 4,500 | 5,500 |
| Investments | 500 | 500 |
| Current Assets | 2,000 | 3,000 |
| | 7,000 | 9,000 |

- (b) From the following information of NTM Ltd. you are required to prepare Cash-Flow statement using Direct Method.

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Income Statement for the year ended on 31-3-2015

| | | |
|--|-----------|-----------------|
| Net Sales | | 25,20,000 |
| Less: | | |
| Cost of Sales | 19,80,000 | |
| Depreciation | 60,000 | |
| Salaries and Wages | 2,40,000 | |
| Operating expenses | 80,000 | |
| Provision for taxation | 88,000 | 24,48,000 |
| Net operating profit | | 72,000 |
| Non-operating income : | | |
| Profit on sale of equipment | | 12,000 |
| | | 84,000 |
| Retained earnings | | 1,51,800 |
| | | 2,35,800 |
| Dividend declared and paid during the year | | 72,000 |
| Balance as on 31-3-2015 | | 1,63,800 |

Balance-Sheet

| Liabilities | As at 31-3-2014 | As at 31-3-2015 |
|--|------------------------|------------------------|
| Capital | 3,60,000 | 4,44,000 |
| P & L a/c | 1,51,800 | 1,63,800 |
| Sundry Creditors | 2,40,000 | 2,34,000 |
| Unpaid expenses | 24,000 | 48,000 |
| Income tax payable | 12,000 | 13,200 |
| Accumulated depreciation on building & equipment | 1,20,000 | 1,32,000 |
| | 9,07,800 | 10,35,000 |
| Assets | As at 31-3-2014 | As at 31-3-2015 |
| Land | 48,000 | 96,000 |
| Building and equipments | 3,60,000 | 5,76,000 |
| Stock | 2,64,000 | 96,000 |
| Debtors | 1,68,000 | 1,86,000 |
| Cash | 60,000 | 72,000 |
| Advances | 7,800 | 9,000 |
| | 9,07,800 | 10,35,000 |

Cost of equipment sold was ₹ 72,000.

4. (a) Complete the Balance Sheet of B Ltd. by using the additional information given below. Show all your workings as a part of your answer.

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Balance Sheet of B Ltd. as on 31st December, 2014.

| Liabilities | ₹ | Assets | ₹ |
|----------------------------|----------|-------------------------|----------|
| <u>Share Capital</u> | ? | <u>Fixed Assets</u> | ? |
| <u>Reserve and Surplus</u> | ? | | |
| <u>Current Liabilities</u> | | <u>Current Assets :</u> | |
| Bills Payable | ? | Stock | ? |
| Creditors | ? | Debtors | ? |
| | | Bills Receivable | ? |
| | | Cash and Bank | ? |
| | ? | | ? |

Additional Information :

- (1) Gross profit ratio : 25%
- (2) Gross profit : ₹ 5,12,000.
- (3) Inventory turnover ratio : 8 times (Cost of goods sold to average stock)
- (4) Closing stock of the year is ₹ 12,800 above the opening stock.
- (5) Capital turnover ratio : 2 times (Cost of goods sold to capital employed)
- (6) Reserve and Surplus : ₹ 1,79,200
- (7) There is no long-term liability.
- (8) Fixed Assets turnover ratio : 8 times (Cost of goods sold to Fixed Assets)
- (9) Debtors turnover : 4 times
- (10) Bills Receivable : ₹ 32,000
- (11) Creditors turnover : 6 times
- (12) Bills Payable : ₹ 12,800.

- (b) What do you mean by Economic Value Added ? Calculate Economic Value Added (EVA) from the following information provided by C Ltd. : **8**

| | |
|--|-------------|
| NOPAT (Net Operating Profit After Tax) | ₹ 12,00,000 |
| Equity share capital | ₹ 24,00,000 |
| Preference share capital | ₹ 24,00,000 |
| Long term loan | ₹ 32,00,000 |
| Cost of Equity share capital | 17% |
| Cost of Preference share capital | 15% |
| Cost of Long term loan | 12% |

5. (a) What do you mean by “Reporting to management” ? Explain its importance. Also, explain levels of management and the process of Reporting. **8**

OR

- (a) What do you mean by “Report” ? Write a note on classification of Reports. Also, State the purposes of Reporting. **8**
- (b) Discuss various components of an Annual Report in detail. **12**