

**4 (Sem-5/OTBE) FSA**

**( 2 )**

**2 0 2 0**

( Held in 2021 )

**FINANCIAL STATEMENT ANALYSIS**

( Major )

Paper : 5.5

Full Marks : 56

Time : 3 hours

*The figures in the margin indicate full marks  
for the questions*

GROUP—A

( Marks : 28 )

**1.** Answer the following as directed :  $1 \times 4 = 4$

(a) The analysis of financial statements is a study of relationship among various financial facts and figures as set out in financial statements.

( State True or False )

(b) Flow of fund arises when a transaction affects two current accounts.

( State True or False )

(c) Horizontal analysis is also known as \_\_\_\_\_.

( Fill in the blank )

(d) In case of joint-stock companies, the Statement of Profit and Loss is to be prepared under Schedule \_\_\_\_\_ of the Companies Act, 2013.

( Fill in the blank )

**2.** Write the meaning of the following (within 50 words each) :  $2 \times 3 = 6$

(a) Flow of fund

(b) Owner's equity

(c) Rule of thumb in ratio analysis

**3.** Answer any *three* of the following questions (within 200 words each) :  $6 \times 3 = 18$

(a) Briefly explain the qualitative requirements of financial statements.

(b) Write a short note on the essential elements of financial statement.

(c) How is Statement of Cash Flow prepared as per Ind As-7? Explain.

( 3 )

- (d) Write a note on Corporate Annual Report of a joint-stock company.
- (e) Explain in brief the uses and significance of ratio analysis.

GROUP—B

( Marks : 28 )

4. Answer any *four* of the following questions :

7×4=28

- (a) Explain how Analysis of Financial Statement is important from the viewpoint of creditors and shareholders.  
(Within 250 words)
- (b) “Analysis without interpretation is meaningless and interpretation without analysis is impossible.” Discuss in the context of Financial Statement Analysis.  
(Within 250 words)
- (c) “Corporate Financial Reporting is intended to supply information useful to various groups in making decisions.” Discuss.  
(Within 250 words)

1-21/807

( Turn Over )

( 4 )

- (d) The information of a company are given below :

Inventory Turnover Ratio = 5 times

Sales = ₹ 10,00,000

Rate of Gross Profit on Cost =  $\frac{1}{4}$

Current Liabilities = ₹ 2,40,000

Liquid Ratio = 0.60

Inventory at the end is ₹ 20,000 more than that of inventory at the beginning

Calculate Current Ratio.

- (e) From the following information extracted from the books of Neha Ltd. for the year ending 31st March, 2021, calculate Cash Flow from Operating Activities (indirect method) :

	₹
Statement of Profit and Loss on 01.04.2020	3,50,000
Statement of Profit and Loss on 31.03.2021	7,20,000
Goodwill Amortized	10,000
Depreciation on Fixed Assets	50,000
Provision for Taxation	25,000
Loss on Sale of Machinery	20,000
Gain on Sale of Land	5,000
Provision for Doubtful Debt	6,000
Transfer to General Reserve	12,000

1-21/807

( Continued )

( 5 )

Other Information :

	01.04.2020	31.03.2021
	₹	₹
Prepaid Expenses	3,000	2,000
Outstanding Expenses	7,000	10,000
Trade Payables	40,000	31,000
Trade Receivable	70,000	78,000

(f) Following are the summarized Balance Sheets of a company :

Particulars	31.03.2020	31.03.2021
	₹	₹
I. EQUITY AND LIABILITIES :		
1. <b>Shareholders' Funds :</b>		
Equity Share Capital	1,50,000	2,00,000
<b>Reserve and Surplus :</b>		
Balance in Statement of Profit & Loss	(50,000)	(75,000)
2. <b>Non-Current Liabilities :</b>		
12% Debentures	70,000	50,000
3. <b>Current Liabilities</b>		
	40,000	55,000
	<u>2,10,000</u>	<u>2,30,000</u>
II. ASSETS :		
1. <b>Non-Current Assets :</b>		
Fixed Assets	1,75,000	1,85,000
2. <b>Current Assets</b>		
	35,000	45,000
	<u>2,10,000</u>	<u>2,30,000</u>

( 6 )

Additional Information :

During the year, fixed assets costing ₹ 15,000 (accumulated depreciation ₹ 7,500) was sold for ₹ 2,500. The provision for depreciation against machinery as on 31st March, 2020 was ₹ 45,000 and as on 31st March, 2021 was ₹ 70,000.

Prepare a Fund Flow Statement.

\*\*\*