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BBABMC 386

**Choice Based Credit System Sixth Semester B.B.A. Degree
Examination, July/August 2023
(2021 – 22 Batch Onwards)**

**FINANCIAL MANAGEMENT – SPECIALISATION (Paper – II)
Financial Analysis : Course – II**

Time : 3 Hours

Max. Marks : 120

Instruction : Give working notes *wherever* necessary.

**SECTION – A
(6 marks each)**

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

1. What is financial analysis ? Explain its types.
2. Explain any four uses of fund flow statement.
3. Explain the uses of EVA.
4. From the following data calculate the trend percentages.



(4×6=24)

Particulars	Amount (₹)		
	2020	2021	2022
Sales	50,000	75,000	60,000
Cost of goods sold	20,000	30,000	25,000
Gross Profit	30,000	45,000	35,000
Office Expenses	5,000	6,000	7,000
Selling Expenses	5,000	4,000	3,000
Net Profit	20,000	35,000	25,000

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5. From the following details calculate fund from operations.

	(₹)
Net Profit for the year	2,60,000
Preliminary expense written off	24,000
Transfer to reserves	50,000
Depreciation on Land	90,000
Loss on sale of investment	16,000
Profit on sale of Assets	40,000

6. Following details are available.

	(₹)
Current Assets	5,00,000
Current Liabilities	2,50,000
Stock	50,000
Fixed Assets	8,00,000

Calculate :

- Current ratio
- Quick ratio
- Net working capital
- Fixed assets to current assets ratio.

7. From the following details calculate EVA.

	(₹)
Sales	20,00,000
Operating cost	14,00,000
Capital employed	12,00,000
Cost of capital	11%
Tax rate	35%



SECTION – B
(12 marks each)

Answer **any four** questions from the following.

(4×12=48)

8. From the following Balance Sheet of Ambadha Ltd. Prepare Comparative Balance Sheet.

Liabilities	31-3-2022	31-3-2023
	(₹)	(₹)
Share Capital	4,00,000	3,00,000
Reserves	2,00,000	2,45,000
P/L A/c	1,00,000	65,000
Long term loans	3,00,000	2,90,000
Creditors	50,000	1,00,000
	10,50,000	10,00,000
Assets	31-3-2022	31-3-2023
	(₹)	(₹)
Land	5,00,000	4,50,000
Furniture	2,00,000	2,30,000
Investment	1,00,000	70,000
Debtors	1,60,000	1,00,000
Stock	50,000	80,000
Bank	40,000	70,000
	10,50,000	10,00,000

9. Prepare a common size income statement from the following data.

	2021 (₹)	2022 (₹)
Sales	7,50,000	7,00,000
Purchases	2,50,000	2,00,000



Wages	70,000	1,20,000
Factory Expenses	<u>1,30,000</u>	<u>80,000</u>
Gross Profit	3,00,000	3,00,000
Office Expenses	10,000	15,000
Selling Expenses	20,000	15,000
Distribution Expenses	15,000	25,000
Interest paid	<u>5,000</u>	<u>5,000</u>
Profit before Tax	2,50,000	2,40,000
Tax	<u>1,00,000</u>	<u>96,000</u>
Profit after Tax	1,50,000	1,44,000

10. From the following details you are required to prepare a statement showing changes in working capital.

Current Assets	2022 (₹)	2023 (₹)
Stock	1,40,000	1,60,000
Debtors	1,20,000	2,50,000
Bills Receivable	1,00,000	40,000
Prepaid Expenses	80,000	60,000
Bank	60,000	80,000
Cash	1,00,000	60,000
Current Liabilities		
Creditors	3,00,000	2,00,000
Bills Payable	2,00,000	2,50,000
Outstanding Expenses	1,00,000	50,000



11. From the following details calculate cash from operations.

	(₹)
Profit for the year	75,000
Transfer to Reserves	15,000
Goodwill written off	35,000
Dividend paid	55,000
Depreciation on Assets	23,000
Loss on sale of Machinery	17,000
Profit on sale of Furniture	20,000
Increase in Creditors	30,000
Increase in Debtors	20,000
Tax paid	60,000

12. Following details are available.

	(₹)
Sales	8,00,000
Gross Profit	4,00,000
Net Profit	2,00,000
Stock	1,80,000
Debtors	80,000
Working Capital	3,20,000
Share holders fund	10,00,000
Total Assets	20,00,000



Calculate :

- Proprietary ratio
 - Stock turnover ratio
 - Debtors turnover ratio
 - Working capital turnover ratio
 - Gross Profit ratio
 - Net Profit ratio.
13. Explain the importance and limitations of ratio analysis.
14. Explain MVA as tools to assess financial strategy.

SECTION – C
(24 marks each)

Answer **any two** of the following questions.

(2×24=48)

15. The following are the summarised Balance Sheet of Shree Somanatha Ltd. as on 31st March.

Liabilities	Amount (₹)		Assets	Amount (₹)	
	2022	2023		2022	2023
Share Capital	3,00,000	3,50,000	Building	3,00,000	2,90,000
Debentures	3,00,000	2,50,000	Machinery	3,00,000	2,50,000
Reserves	80,000	1,00,000	Investment	2,00,000	2,19,000
P/L A/c	40,000	50,000	Stock	1,00,000	74,000
Mortgage Loan	1,00,000	20,000	Debtors	80,000	85,000
Creditors	2,50,000	3,45,000	Bills Receivable	5,000	15,000
Provision for Taxation	30,000	35,000	Cash at Bank	1,15,000	2,17,000
	11,00,000	11,50,000		11,00,000	11,50,000

**Additional Information :**

- a) Dividend paid ₹ 15,000
- b) Machinery purchases ₹ 18,000
- c) Depreciation written off on Machinery ₹ 12,000 on Buildings ₹ 20,000
- d) A part of Building costing ₹ 30,000 is sold for ₹ 40,000
- e) Investment costing ₹ 35,000 is sold for ₹ 30,000
- f) Income Tax provided ₹ 38,000.

Prepare Cash Flow Statement as per AS-3.

16. Following are the summarised Balance Sheet of Sri Mangala Ltd. as on 31st March.

Liabilities	Amount (₹)		Assets	Amount (₹)	
	2022	2023		2022	2023
Share Capital	80,000	90,000	Goodwill	40,000	35,000
P/L A/c	23,820	30,820	Land and Building	52,000	70,000
Reserves	10,000	25,000	Plant and Machinery	25,000	37,800
Debentures	9,000	11,000	Stock	10,220	9,620
Creditors	3,900	3,000	Debtors	9,600	17,600
Bills Payable	5,000	5,200	Prepaid Expenses	2,720	1,800
O/S Salary	8,000	6,200	Cash in hand	3,180	3,800
Provision for Tax	3,000	4,400			
	1,42,720	1,75,620		1,42,720	1,75,620

Additional Information :

- a) Dividend of ₹ 6,000 paid
- b) Depreciation charged for the year on Land and Building ₹ 3,000 on Building ₹ 2,000



- c) Machinery costing ₹ 22,000 was purchased
- d) A part of Land costing ₹ 12,000 was sold for ₹ 15,000
- e) Provision for Tax ₹ 4,000.

Prepare Fund Flow Statement.

17. The following information is available.

Current ratio 2.5

Quick ratio 1.5

Net working capital ₹ 3,00,000

Stock turnover ratio 6 times (on cost of goods sold)

Gross Profit ratio 20%

Sales : Fixed Assets 2 : 1

Debtors turnovers ratio 6 times (on sales)

Fixed Assets : Share holders fund 1 : 1

Reserves and Surplus : Share Capital 0.5 : 1

Debentures ₹ 3,00,000

Draw up a Balance Sheet.

18. Explain the key elements of financial strategic planning. What are the approaches to strategy in creation of wealth ?