2025

(7th Semester)

COMMERCE

Course No. : BC-17

(Financial Statement Analysis and Reporting)

Full Marks : 75 *Pass Marks* : 40%

Time : 3 hours

The figures in the margin indicate full marks for the questions

Answer all questions

1. a) State the significance of analysis of financial statements in respect to stakeholders of the company. What are the limitations of financial statements. 7½+7½

Or

b) From the following information, prepare a Comparative Balance Sheet of X Ltd: 15

	31.03.2023	31.03.2024
Equity Share Capital	5,00,000	8,00,000
Preference Share Capital	4,00,000	7,00,000
Reserves and Surplus	4,00,000	4,00,000
8% Debentures	5,00,000	5,00,000
Fixed Assets	10,00,000	13,00,000
Investments	5,00,000	5,00,000
Current Assets	6,00,000	12,00,000
Current Liabilities	3,00,000	6,00,000

2. a) What is a cash flow statement? Explain the various activities classified while preparing the Cash Flow Statement? What are the objectives of preparing a cash flow statement? 15

Or

b) From the following information, prepare a cash flow statement: 15

Balance Sheet as at ....

Particulars	31.03.2025	31.03.2024
I. EQUITY AND LIABILITIES		
1. Shareholders' funds		
Share Capital	20,00,000	15,00,000
Reserves & Surplus (Profit & Loss A/c)	4,00,000	2,00,000
2. Non-Current Liabilities		
3. Current Liabilities	4,00,000	3,00,000
Other Current Liabilities	4,00,000	3,00,000
Short term Provisions (Proposed Dividend)	2,00,000	1,00,000
Total	**30,00,000**	**21,00,000**
II. ASSETS	34,00,000	24,00,000
1. Non-Current Liabilities		
Tangible Fixed Assets	18,00,000	12,00,000
Intangible Assets (Goodwill)	-	1,00,000
2. Current Assets (Inventories & Trade Receivables)	12,00,000	8,00,000
Total	**30,00,000**	**21,00,000**

Cash or Cash Eq. 4,00,000 3,00,000

Additional Information:

I. During the year ₹80,000 depreciation was charged on fixed assets.

II. A piece of machinery included in fixed assets costing 20,000 on which depreciation charged was ₹8,000 was sold for ₹ 10,000.

3. a) Define ratio analysis. Discuss its objectives. What are the limitations of ratio analysis? 15

Or i) 4,00,000 / 16,00,000 = 0.25

b) i) What do you understand by Solvency ratio and liquidity ratio? 3+3

ii) 8,00,000 = 2:1

ii) From the following information, calculate proprietary ratio, Debt-equity ratio and Total Assets to Debt ratio:

Assets 16,00,000

Sh. fund = 4,00,000

Debt 8,00,000

Net Fixed Assets ₹10,00,000, Non-Current Investments ₹20,000. Long-term Loans & Advances ₹80,000. Current Assets ₹5,00,000, Equity Share Capital ₹1,50,000, 18% Pref. Share Capital ₹1,00,000, Reserves & Surplus ₹1,50,000, 20% Long-term Borrowings ₹6,00,000, Long-term Provisions ₹2,00,000, Current Liabilities ₹4,00,000.

iii) 16,00,000 / 8,00,000 = 2

4. a) What do you mean by Financial Accounting? Distinguish between Financial Reporting and Financial Accounting. What are the objectives of financial accounting? 15

Or

b) What do you understand by accrual basis of accounting? Explain in detail the nature and purpose of financial accounting. Also discuss the limitations of accrual accounting. 3+8+4

5. a) What is merchant banking? What are the services offered by merchant banks? 15

Or

b) What are the SEBI regulations for mutual funds? Explain the registration procedure of stock brokers. 15

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