

**MBA – MARKETING/FINANCE/HR/
PRODUCTION & OPERATIONS
MANAGEMENT (MBABM)**

00274

**Term-End Examination
December, 2014**

MBM-008 : FINANCIAL STATEMENT ANALYSIS

Time : 3 hours

Maximum Marks : 100

- Note :** (i) *Section I is compulsory.*
(ii) *In Section II, solve any five questions.*
(iii) *Assume suitable data wherever required.*
(iv) *Draw suitable sketches wherever required.*
(v) *Italicized figures to the right indicate maximum marks.*

SECTION I

1. The following figures are available from the records of Akshay Ltd. as on 31.03.2012 / 31.03.2013 10

	2012	2013
	₹ Lacs	₹ Lacs
Sales	250	200
Profit	50	30

Calculate :

- (a) P/V ratio
- (b) Fixed cost
- (c) The break-even level of sales
- (d) The sales required to earn a profit of ₹ 90 lacs
- (e) The profit/loss that would arise if the sales were ₹ 280 lacs

2. What are the stages in Activity Based Costing? 10

3. From the following Balance Sheets of M/s AB for the year ended 31st Dec 2011 and 2012, prepare Funds Flow Statement : 10

Liabilities	2000	2001	Assets	2000	2001
Share capital	40,000	57,500	Plant	7,500	10,000
Creditors	10,600	7,000	Stock	12,100	13,600
P&L a/c	1,400	3,100	Debtors	18,100	17,000
			Cash	14,300	27,000
Total	52,000	67,600	Total	52,000	67,600

SECTION II

4. Pass journal entries from the following transactions, post them to ledger accounts, balance the same and prepare trial balance : 14

- 1.4.13 : Aasha started business with ₹ 1,00,000.
3.4.13 : She deposited ₹ 40,000 in Bank of India.
7.4.13 : She purchased goods for ₹ 80,000 on credit from Meera less 10% T.D.
11.4.13 : She sold goods for cash ₹ 30,000.
16.4.13 : She sold goods to Ram ₹ 20,000.
18.4.13 : Goods of ₹ 15,000 were stolen from her office.
23.4.13 : Paid salaries ₹ 5,000.
30.4.13 : Purchased stationery for ₹ 2,500.

5. The top part of Ramashyam Inc.'s 2011 and 2012 Balance Sheets is listed below (in ₹).

Current assets :	2011	2012
Cash and marketable securities	15	20
Accounts receivable	75	84
Inventory	110	121
Total	<u>200</u>	<u>225</u>
Current liabilities :	2011	2012
Accrued wages and taxes	18	19
Accounts payable	45	51
Notes payable	40	45
Total	<u>103</u>	<u>115</u>

Calculate Ramashyam Inc.'s Current ratio, Quick ratio, and Cash ratio for 2011 and 2012. 14

6. Prepare projected Income Statement for financial year 2012 on the basis of Profit & Loss A/c of Leelavati Auto Ltd. and assuming the projected sales for 2012 is estimated at ₹ 1,30,00,000. (Use percentage of sales method). 14

PARTICULARS	2010 (₹ '000)	2011 (₹ '000)
Total Sales	7,200	10,800
Cost of Goods sold	4,200	6,600
Gross Profit	3,000	4,200
Selling & Distribution Expenses	1,080	1,320
Depreciation	300	480
Operating Profit	1,620	2,400
Non-operating surplus	240	480
EBIT	1,860	2,880
Interest	960	960
Tax	360	600
PAT	540	1,320
Dividends	180	360
Retained Earnings	360	960

7. Write a short note on the various ratios classified under the following broad types : $7+7=14$

- (a) Liquidity Ratios
- (b) Gearing (Leverage) Ratios

8. A company is producing an identical product in two factories. The following are the details in respect of both the factories :

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	Factory X (₹)	Factory Y (₹)
Selling Price per unit	50	50
Variable Cost unit	40	35
Fixed Cost	2,00,000	3,00,000
Depreciation included in above	40,000	30,000
Sales (units)	30,000	20,000
Production Capacity (units)	40,000	30,000

You are required to determine :

- (a) Which factory is more profitable ?
- (b) Cash BEP for each factory individually.
- (c) BEP for the company as a whole, assuming the product mix can be altered as desired.
- (d) Consequences on profits and BEP if product mix is changed to 2 : 3 and the total demand remains constant.

9. Prepare Trading and Profit & Loss Account and the Balance Sheet as on 31.03.2012 of ABC Ltd. 14

Balances as on 31.03.2012

	₹
Share Capital	50,000
Debtors	25,600
Creditors	28,000
Drawings	5,000
General Expenses	1,500
Printing	1,300
Wages	7,500
Royalty	2,500
Purchases	35,000
Sales	46,400
Salaries	4,000
Office Expenses	2,200
Insurance	700
Rent	1,900
Opening Stock	12,000
Building	12,000
Machinery	20,000
B/R	4,200
Loans	10,000
B/P	1,000

Adjustments :

- (i) Closing Stock ₹ 25,000.
 - (ii) Depreciate fixed assets by 10%.
 - (iii) ₹ 450 due from a customer is no more recoverable.
 - (iv) Provide for doubtful debts on debtors @ 5%.
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