

TILAK MAHARASHTRA VIDYAPEETH, PUNE
BACHELOR OF BUSINESS ADMINISTRATION (B.B.A.)

EXAMINATION: MAY - 2025

SEMESTER - IV

Sub.: Analysis of Financial Statements (BBA23-415FM)

Date : 24/05/2025

Total Marks : 60

Time: 2.00 pm to 4.30 pm

Instructions: 1) All questions are compulsory.
2) Figures to the right indicate full marks.

Q. 1. Choose the most appropriate option.

(05)

1. Which of the following is NOT a component of financial statements?
 - a) Balance Sheet
 - b) Income Statement
 - c) Cash Flow Statement
 - d) Bank Reconciliation Statement
2. Which technique of financial analysis uses the percentages of each line item relative to a base amount?
 - a) Ratio Analysis
 - b) Common Size Financial Statements
 - c) Funds Flow Analysis
 - d) Cash Flow Analysis
3. What are the three main activities presented in a cash flow statement?
 - a) Operating, Financial, and Marketing
 - b) Operating, Investing, and Financing
 - c) Financing, Marketing, and Research
 - d) None of the given
4. In a Statement of Changes in Working Capital, a decrease in current liabilities represents
 - a) A source of funds
 - b) An application (use) of funds
 - c) A non-cash item
 - d) No change in funds
5. The primary focus of cash flow analysis is
 - a) Identifying the company's liabilities
 - b) Understanding the liquidity position of the company
 - c) Evaluating the profitability of the company
 - d) Comparing expenses

Q. 2. State True / False

(05)

- Financial analysis ignores employee work satisfaction.
a) True b) False
- Financial statements are a summery for systematic record of business transactions.
a) True b) False
- A cash flow statement is generally prepared for shorter period.
a) True b) False
- Repayment of liabilities results in decrease in working capital requirement.
a) True b) False
- Schedule VI of Indian Companies Act regulates financial statement.
a) True b) False

Q. 3. Write Short notes on (Any Three)

(15)

1. Key elements to consider when reading a company's Balance Sheet
2. Limitations of Financial Analysis
3. Financing Activities

4. Reasons for change in Working Capital
5. Components of Fund Flow Statement

Q. 4. Answer in detail (Any Two)

(20)

1. Discuss the utility and limitations of Funds Flow Analysis. How does it assist stakeholders in evaluating financial health?
2. Explain the meaning and objectives of Cash Flow Analysis. Discuss its importance in financial management.
3. Star Foods Pvt. Ltd., a food processing company, has prepared its Income Statement and Balance Sheet for the year ended 31st March 2024. The finance manager wants to conduct a common size analysis to compare the company's performance relative to total sales and total assets.

Income Statement for the Year Ended 31st March 2024

Particulars	Amount (₹)
Net Sales	10,00,000
Cost of Goods Sold (COGS)	6,00,000
Gross Profit	4,00,000
Operating Expenses	1,50,000
Operating Profit	2,50,000
Interest Expense	20,000
Net Profit before Tax	2,30,000
Income Tax	50,000
Net Profit after Tax	1,80,000

Balance Sheet as at 31st March 2024

Particulars	Amount (₹)
Assets	
Current Assets	2,50,000
Fixed Assets	5,50,000
Total Assets	8,00,000
Liabilities & Equity	
Current Liabilities	1,50,000
Long-term Debt	2,00,000
Shareholders' Equity	4,50,000
Total Liabilities & Equity	8,00,000

1. Prepare the Common Size Income Statement.
 2. Prepare the Common Size Balance Sheet.
 3. Provide a brief interpretation based on the analysis.
4. Delta Ltd. is considering an investment of ₹2,00,000 in a project. The project is expected to generate the following annual cash inflows:

Year	1	2	3	4	5
Cash Inflow (₹)	50,000	60,000	70,000	40,000	30,000

Calculate the Payback Period of the project.

- Q. 5.** Green Leaf Organics Ltd. is a mid-sized manufacturer of organic food products. The company has just completed its financial year and is reviewing its financial performance to support strategic decisions. **(15)**

The finance manager has provided the following financial information for the year ended 31st March 2024:

Particulars	Amount (₹)
Net Sales	10,00,000
Cost of Goods Sold (COGS)	6,00,000
Operating Expenses	2,00,000
Interest Expense	20,000
Net Profit after Tax	1,00,000
Equity Share Capital	3,00,000
Reserves and Surplus	2,00,000
Long-term Debt	1,50,000
Total Assets	7,00,000

You have been asked to help the finance team with the following:

1. Interpret company's profitability by using Profitability Ratios.
2. Interpret company's solvency position by Calculate Solvency Ratios.
3. Provide your opinion about company's financial status.
