

TILAK MAHARASHTRA VIDYAPEETH, PUNE
BACHELOR OF BUSINESS ADMINISTRATION (B.B.A.)
EXAMINATION: MAY - 2025
SEMESTER - V

Sub.: Analysis of Financial Statements (BBA22-515FM)

Date : 31/05/2025

Total Marks : 60

Time: 10.00 am To 12.30 pm

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

Q. 1. Choose the most appropriate option.

(05)

1. What is the objective of a balance sheet?
 - a) To report a company's assets, liabilities, and equity at a specific point in time
 - b) To list all cash transactions during the year
 - c) To show the net income of the business
 - d) To track expenses over a financial year
2. What is the primary objective of analyzing and interpreting financial statements?
 - a) To prepare financial statements for the company
 - b) To evaluate the financial performance and position of a business
 - c) To calculate tax liabilities
 - d) None of the given
3. What is the key difference between the direct and indirect methods of preparing a cash flow statement?
 - a) The direct method uses estimated figures, while the indirect method uses actual data
 - b) The direct method adjusts net income, while the indirect method starts with cash receipts and payments
 - c) The direct method starts with cash receipts and payments, while the indirect method adjusts net income
 - d) The direct method is more accurate than the indirect method
4. Which of the following activities is classified under application (use) of funds?
 - a) Settlement of liabilities
 - b) Issue of debentures
 - c) Depreciation adjustment
 - d) Sale of marketable securities
5. The Cash Flow Statement is used to _____
 - a) Evaluate a company's profitability
 - b) Track the cash inflows and outflows for a specific period
 - c) Report the company's financial position
 - d) Summarize the operational performance

Q. 2. State True / False

(05)

1. Financial statements provide information about a company's financial performance and position.
 - a) True
 - b) False
2. There is only one standard method for analyzing financial statements.
 - a) True
 - b) False
3. Operating activities in a Cash Flow Statement include revenues and expenses related to the core business operations.
 - a) True
 - b) False
4. Funds from operations include net profit adjusted for non-cash expenses like depreciation.
 - a) True
 - b) False
5. The utility of a Fund Flow Statement lies in identifying how funds are generated and utilized in a business.
 - a) True
 - b) False

Q. 3. Write Short notes on (Any Three)**(15)**

1. Role of Financial Statement
2. Importance of Ratio Analysis in financial interpretation
3. Limitations of financial analysis
4. Classification of assets and liabilities in a company's Balance Sheet.
5. Investing Activities

Q. 4. Answer in detail (Any Two)**(20)**

1. Explain the meaning of financial statements and their importance in business decision-making. How do different stakeholders benefit from financial statements?
2. Explain how Cash Flow Analysis and Funds Flow Analysis differ. Describe their relevance in evaluating an organization's financial health.
3. SunTech Enterprises is a manufacturing company that wants to prepare a Funds Flow Statement for the year ending 31st December 2024. Below are the details from the company's balance sheets for 2024 and 2023:

Balance Sheet as at 31st December 2024 and 2023

Particulars	2024 (₹)	2023 (₹)
Assets		
Current Assets	7,00,000	6,00,000
Fixed Assets	15,00,000	14,00,000
Total Assets	22,00,000	20,00,000
Liabilities & Equity		
Current Liabilities	4,00,000	3,50,000
Long-term Debt	5,00,000	4,50,000
Shareholders' Equity	13,00,000	12,00,000
Total Liabilities & Equity	22,00,000	20,00,000

1. Prepare the Funds Flow Statement for SunTech Enterprises for the year 2024.
 2. Analyze the sources and uses of funds for the company.
4. What are the important skills required to be a good Financial Analyst?

Q. 5. BlueSky Ltd., a software development company, wants to prepare its Cash Flow Statement for the year ending 31st March 2024. The following details are provided:**(15)**Income Statement for the Year Ended 31st March 2024

Particulars	₹
Net Profit	4,00,000
Depreciation	50,000
Interest Expense	20,000

Balance Sheet as at 31st March 2024 and 2023

Particulars	2024 (₹)	2023 (₹)
Assets		
Current Assets	5,00,000	4,00,000
Fixed Assets	6,00,000	5,50,000
Total Assets	11,00,000	9,50,000
Liabilities & Equity		
Current Liabilities	1,50,000	1,20,000
Long-term Debt	2,50,000	2,00,000
Shareholders' Equity	7,00,000	6,30,000
Total Liabilities & Equity	11,00,000	9,50,000

1. Prepare the Cash Flow Statement for BlueSky Ltd. for the year 2024.
2. Analyze the cash flow from operating, investing, and financing activities.