

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

EXAMINATION: DECEMBER - 2025

SEMESTER - IV

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

Date : 31/12/2025

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. Financial statements primarily aim to_____
 - a) Record daily cash transactions
 - b) Provide information about financial position and performance
 - c) Replace internal management reports
 - d) Eliminate the need for budgeting
2. Which of the following is a tool of financial statement analysis?
 - a) Journal
 - b) Financial Ratio
 - c) Voucher
 - d) Ledger
3. A statement showing the movement of cash and cash equivalents during a period is known as _____
 - a) Funds Flow Statement
 - b) Cash Flow Statement
 - c) Income Statement
 - d) Statement of Affairs
4. Which of the following is NOT considered while analysing liquidity?
 - a) Current Ratio
 - b) Quick Ratio
 - c) Debt Equity Ratio
 - d) Cash Ratio
5. Depreciation added back while calculating cash from operating activities because it is _____
 - a) A cash expense
 - b) A non-cash expense
 - c) An extraordinary expense
 - d) A capital receipt

Q. 2. State True / False (05)

1. Trend analysis compares financial data over multiple years.
 - a) True
 - b) False
2. Higher current ratio always indicates better financial performance.
 - a) True
 - b) False
3. Funds Flow Statement shows movement of funds between two balance sheet dates.
 - a) True
 - b) False
4. Quick assets exclude inventory and prepaid expenses.
 - a) True
 - b) False
5. Horizontal analysis is also called comparative analysis.
 - a) True
 - b) False

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

1. Objectives of Financial Statement Analysis
2. Difference between Cash Flow Statement and Funds Flow Statement

3. Importance of Liquidity Ratios
4. Vertical Analysis
5. Limitations of Ratio Analysis

Q. 4. Answer in detail (Any Two)

(20)

1. Explain in detail the various types of Ratio Analysis along with their significance.
2. Discuss the preparation of a Cash Flow Statement using the Indirect Method.
3. Zenith Motors Ltd. wants to evaluate its financial position using trend analysis. The following data is available:

Income Statement Summary

Particulars	2023 (₹)	2024 (₹)
Net Sales	10,00,000	12,50,000
Cost of Goods Sold	6,00,000	7,50,000
Gross Profit	4,00,000	5,00,000
Operating Expenses	1,80,000	2,20,000
Net Profit	2,20,000	2,80,000

1. Prepare Trend Percentages (Base Year 2023).
2. Interpret the performance based on the trend.
3. Horizon Technologies Ltd. is considering a project with initial investment of ₹2,00,000. Expected cash inflows are:

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

Calculate:

- a) Payback Period
- b) Comment on the acceptability of the project.

4. Orio Ltd. provides the following information for the year ended March 31, 2025. Prepare the Cash Flow from Operating Activities using the Indirect Method:

1. Net Profit (After Tax): ₹8,00,000
2. Adjustments to reconcile Net Profit to Cash Flow from Operations:
 - Depreciation: ₹2,00,000
 - Loss on Sale of Equipment: ₹40,000
 - Interest Paid: ₹1,00,000
3. Changes in Working Capital:
 - Increase in Accounts Receivable: ₹60,000
 - Decrease in Inventory: ₹20,000
 - Increase in Accounts Payable: ₹80,000

- Q. 5.** Green Grow Agro Ltd. is engaged in organic farming and food processing. After completing its financial year, the management decided to assess its financial health. The following information is extracted from its financial statements: **(15)**

Particulars	Amount (₹)
Net Sales	18,00,000
Cost of Goods Sold	10,80,000
Operating Expenses	3,60,000
Net Profit After Tax	2,40,000
Current Assets	4,50,000
Current Liabilities	2,25,000
Long-term Debt	3,00,000

Required:

1. Calculate and interpret the following Profitability Ratios:
Gross Profit Ratio
Net Profit Ratio
2. Calculate and interpret the following Liquidity and Solvency Ratios:
Current Ratio
Debt Equity Ratio
3. Give an overall evaluation of the company's financial position.
