

TILAK MAHARASHTRA VIDYAPEETH, PUNE
BACHELOR OF BUSINESS ADMINISTRATION (B.B.A.) /
BSC IN BUSINESS ADMINISTRATION (755)

EXAMINATION: MAY- 2026

SEMESTER - IV

Sub.: Analysis of Financial Statements (BBA23-415FM/BBA24-415FM/BSBA24-415FM)

Date : 20/05/2026
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)

- Financial statement analysis is primarily used to
 - Record transactions
 - Evaluate financial performance
 - Prepare budgets
 - Audit accounts
- Which of the following is a liquidity ratio?
 - Gross Profit Ratio
 - Current Ratio
 - Debt-Equity Ratio
 - Return on Investment
- Cash paid for purchase of machinery is classified under
 - Operating activity
 - Financing activity
 - Investing activity
 - Non-cash activity
- Which statement shows the sources and uses of working capital?
 - Cash Flow Statement
 - Funds Flow Statement
 - Income Statement
 - Balance Sheet
- A high debt-equity ratio indicates
 - Low financial risk
 - High financial leverage
 - High liquidity
 - Low profitability

Q. 2. State True / False (05)

- Financial statements are useful only for internal management.
a) True b) False
- Cash flow statement includes operating, investing, and financing activities.
a) True b) False
- Increase in current liabilities decreases working capital.
a) True b) False
- Comparative statements help in trend analysis.
a) True b) False
- Profitability ratios measure the earning capacity of a business.
a) True b) False

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

1. Objectives of Financial Statement Analysis
2. Liquidity Ratios
3. Funds Flow Statement
4. Cash Flow Statement
5. Trend Analysis

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

1. Explain the importance of Cash Flow Statement
2. Discuss steps in preparing Funds Flow Statement
3. Vihang Solutions Ltd., a company engaged in renewable energy equipment manufacturing, wants to evaluate its financial performance using common size statements. The following data is available for the year ending 31st March 2026:

Income Statement

Particulars	Amount (₹)
Net Sales	20,00,000
Cost of Goods Sold (COGS)	12,00,000
Gross Profit	8,00,000
Operating Expenses	3,00,000
Operating Profit	5,00,000
Interest Expense	1,00,000
Net Profit Before Tax	4,00,000
Income Tax	80,000
Net Profit After Tax	3,20,000

Balance Sheet

Particulars	Amount (₹)
Assets	
Current Assets	4,00,000
Fixed Assets	8,00,000
Total Assets	12,00,000
Liabilities & Equity	
Current Liabilities	3,00,000
Long-term Debt	4,00,000
Shareholders' Equity	5,00,000
Total Liabilities & Equity	12,00,000

1. Prepare the Common Size Income Statement
2. Prepare the Common Size Balance Sheet
3. Interpret the financial performance

4. Sunrise Technologies Ltd. is considering investing in a new project requiring an initial investment of ₹ 2,00,000. The expected annual cash inflows are as follows:

Year	1	2	3	4	5
Cash Inflow (₹)	60,000	90,000	1,00,000	1,30,000	1,20,000

Calculate the Payback Period of the project. Discuss the profitability of the project.

- Q. 5 Fresh Farm Foods Ltd., a company engaged in organic food processing, has reported the following financial data for the year ended 31st March 2025:

(15)

Particulars	Amount (₹)
Net Sales	15,00,000
Cost of Goods Sold (COGS)	9,00,000
Operating Expenses	3,00,000
Net Profit after Tax	1,50,000
Interest on Long-term Debt	50,000
Equity Share Capital	5,00,000
Reserves and Surplus	2,00,000
Reserves and Surplus	2,00,000
Long-term Debt	3,00,000
Total Assets	10,00,000

1. Analyze the profitability position using suitable profitability ratios
2. Evaluate the solvency position using solvency ratios.
3. Give your opinion on the company's overall financial performance