

Plot No. 2, Knowledge Park-III, Greater Noida (U.P.) –201306

**POST GRADUATE DIPLOMA IN MANAGEMENT (2023-24)**  
**END TERM EXAMINATION (TERM -IV)**

Subject Name: **Financial Statement Analysis**

Time: **02.00 hrs**

Sub. Code: **PGF42**

Max Marks: **40**

**Note:**

All questions are compulsory. Section A carries 5 marks: 5 questions of 1 mark each, Section B carries 21 marks having 3 questions (with internal choice question in each) of 7 marks each and Section C carries 14 marks one Case Study having 2 questions of 7 marks each.

**Kindly write the all the course outcomes as per your TLEP in the box given below:**

<b>CO1-</b> Understand the concept of financial statement analysis,
<b>CO2-</b> Apply relevant financial and quantitative comparisons, and summarize financial results in meaningful deliverables
<b>CO3-</b> Analyze and evaluate financial statements and trends, and effectively communicate their findings.
<b>CO4-</b> Build financial models to value companies.

**SECTION - A**

Attempt all questions. All questions are compulsory.

**1×5 = 5 Marks**

Questions	CO	Bloom's Level
<b>Q. 1: (A).</b> What is Revenue from operation?	CO1	L2
<b>Q. 1: (B).</b> Write down the three examples of extraordinary and exceptional Items.	CO1	L2
<b>Q. 1: (C).</b> What is Capital Work in Progress?	CO1	L2
<b>Q. 1: (D).</b> Define Government Company.	CO1	L2
<b>Q. 1: (E).</b> Give two differences between a Private Limited Company and a Public Limited Company	CO1	L2
<b>(Entire Sec A to be assigned one CO.)</b>		

**SECTION – B**

All questions are compulsory (Each question have an internal choice. Attempt any one (either A or B) from the internal choice)

**7 x 3 = 21 Marks**

Questions	CO	Bloom's Level																					
<b>Q. 2: (A).</b> Statement of cash flows of Maruti Suzuki Limited and Tata Motors Limited are summarized below  (Amount in INR Crores)	CO1	L3, L4																					
<table border="1"> <thead> <tr> <th>Particulars</th> <th>Maruti</th> <th>Tata Motors</th> </tr> </thead> <tbody> <tr> <td><b>A. CASH FLOW FROM OPERATING ACTIVITIES</b></td> <td></td> <td></td> </tr> <tr> <td>Profit before tax</td> <td>7,065</td> <td>(7,128)</td> </tr> <tr> <td>Adjustments for non-cash and non-operating items</td> <td>342</td> <td>7,567</td> </tr> <tr> <td>Operating cash flows before working capital changes</td> <td>7,407</td> <td>439</td> </tr> <tr> <td>(increase)/decrease in inventories</td> <td>111</td> <td>730</td> </tr> <tr> <td>(increase)/decrease in trade receivables</td> <td>189</td> <td>1,168</td> </tr> </tbody> </table>	Particulars	Maruti	Tata Motors	<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>			Profit before tax	7,065	(7,128)	Adjustments for non-cash and non-operating items	342	7,567	Operating cash flows before working capital changes	7,407	439	(increase)/decrease in inventories	111	730	(increase)/decrease in trade receivables	189	1,168		
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<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>																							
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Increase/ (decrease) in trade payables	(2,155)	(2,689)
Changes in other items of working capital	(711)	(1,010)
Cash generated from operating activities	4,841	(1,362)
Income tax paid (net)	(1,436)	(93)
Net cash flow from operating activities	3,405	(1,455)
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of PP&E and capital WIP	(3,194)	(2,749)
Purchase of intangible assets	(242)	(1,920)
Other cash flows from investing activities	2,972	(50)
Net cash flows from investing activities	(464)	(4,719)
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Issue of equity shares	--	3,889
Dividend paid on equity shares	(2,417)	(4)
Net borrowings	(52)	5,942
Finance cost paid	(134)	(2,270)
Other cash flows from financing activities	(497)	2,192
Net cash flow from financing activities	(3,100)	7,749
Net increase/(decrease) in cash and cash equivalents	(159)	1,57

Compare the cash flow performance of Maruti Limited and Tata Motors Limited.

Or

**Q. 2: (B).** You are required to prepare a Statement of Profit and Loss and a Balance Sheet from the following Trial Balance extracted from the books of the International Hotels Ltd., on 31st March 2023:

CO1 L3

Particulars	Amount (Dr)	Particulars	Amount (Cr)
Purchases		Equity Capital	13,05,000
• Wine, Cigarettes etc.	45,800		
• Foodstuffs	36,200		
Wages and Salaries	28,300		
Rent	8,900		
Laundry	750		
		Sales	
		• Wine, Cigarettes etc	68,400
		▪ Foodstuffs	57,600
Coal and firewood	3,290		
Carriage	810		
Sundry expenses	5,840		
Adverting	8,360		
Bad debts	4,250		
Rent of Rooms		Rent of Rooms	53,700
Miscellaneous receipts		Miscellaneous receipts	2,800
Discount received		Discount received	3,300
Transfer fee		Transfer fee	700
Land & Building	8,50,000		
Furniture and Fixtures	86,300		
Inventory on hand, 01/04/2022			
• Wine, Cigarettes etc			
• Foodstuffs	12,800		

	5,260		
Cash in hand	2,200		
Cash with Bankers	76,380		
Preliminary expenses	8,000		
6% Debentures		6% Debentures	2,00,000
Profit & Loss Account		Profit & Loss Account	41,500
Trade Payable		Trade Payable	42,000
Trade Receivable	19,260		
Investments	2,72,300		
Goodwill	5,00,000		
		General Reserve	2,00,000
<b>TOTAL</b>	<b>19,75,000</b>	<b>TOTAL</b>	<b>19,75,000</b>

Other Information

1. Wages and Salaries outstanding 1,280
2. Inventory on 31<sup>st</sup> March 2023
  - Wine, Cigarettes etc 22,500
  - Foodstuffs 16,400
3. Depreciation: On Land & Building @ 2%, and on Furniture & Fixture @ 5%.
4. Further bad debts Rs. 1,000
5. Provisions for doubtful debts @ 5%

(internal choices with two questions corresponding to the same CO)

**Q. 3: (A). Statement of Profit & Loss Account KK Cable Limited for the year ended: 31.03.2023 and 31.03.22. ( in millions)**

PARTICULARS	Note No.	31.03.2023	31.03.2022
Revenue from operations		80,215.90	72,299.70
Other income		1,361.70	2,115.90
<b>I Total Revenue (I+II)</b>		<b>81,577.60</b>	<b>74,415.60</b>
Expenses:			
Cost of materials consumed		19,862.60	22,503.60
Employee benefits expenses		843.00	399.60
Finance costs		3,420.90	2,941.80
Depreciation and amortization expense		25,966.20	24,474.30
Other Expenses		8,756	7,489
<b>II Total Expenses</b>		<b>58,848.70</b>	<b>57,808.30</b>
III. Profit before exceptional and extraordinary items and tax (I-II)		22,728.90	16,607.30
IV. Exceptional and Extraordinary items		227.70	766.40
VI. Profit before tax		22,501.20	15,840.90
VII. Tax expense:			
(1) Current tax		6,750.36	4,752.27
(2) Deferred tax		----	----
XI. Profit (Loss) for the period from continuing operations (after tax) (VI-VII)		15,750.84	11,088.63

Note: Other Expenses include only Administration expenses and Selling expenses.

**Analyze and interpret the profitability of the company using appropriate formulas.**

CO2 L4

**Or**

**Q. 3: (B).** The following are the Balance Sheet of Maharaj Ltd. as on 31.03.22 and 31.03.23:

Particulars	31.03.22	31.03.23
<b>Current Assets:</b>		
Cash and Bank Balance	23,600	2,000
Debtors	41,800	38,000
Inventory	32,000	26,000
Other Current Assets	6,400	2,600
(A)	1,03,800	68,600
<b>Fixed Assets:</b>		
Land and Building	54,000	34,000
Plant and Machinery	62,000	1,57,200
Furniture	5,800	9,600
(B)	1,21,800	2,00,800
Long-term investment (C)	9,200	11,800
Total assets (A + B + C)	2,34,800	2,81,200
<b>Current Liabilities (D)</b>	52,400	25,400
Long-term debt (E)	40,000	65,000
<b>Owners' Equity:</b>		
Equity share capital	80,000	1,20,000
Reserve and surplus	62,400	70,800
(F)	1,42,400	1,90,800
Total liabilities and capital (D+E+ F)	2,34,800	2,81,200

Prepare a Comparative Balance Sheet and study its financial position.

(internal choices with two questions corresponding to the same CO)

**Q. 4: (A).** Consider the following expected cash flow from operations and cash investment for XYZ Ltd.

	2024	2025	2026	2027	2028
Cash flow from operations (Rs)	3,657	4,097	4,736	5,457	5,929
Cash investments (Rs)	947	1,187	1,167	906	618

The cut-off rate is 9% and the growth rate is 5%. The value of debt capital is Rs. 4,435. Using the **DCF valuation method** Calculate value of equity as on 2023 and value per share if no. of shares outstanding is 2,472.

**Or**

**Q. 4: (B).** Explain the Relative valuation method with steps of calculation.

(internal choices with two questions corresponding to the same CO)

**SECTION - C**

Read the case and answer the questions

**7×02 = 14 Marks**

**Questions**

**CO**

**Bloom's Level**

CO2

L4

CO4

L3

CO4

L2

Q. 5: Case Study:		CO3	L4
<b>Balance Sheet As on 31 March, 2023</b>			
Particulars	H Ltd	S Ltd.	
<b>I Equities &amp; Liabilities</b>			
Equity Share Capital (Shares of Rs.100 each)	35,00,000	15,00,000	
Reserve & surplus	7,00,000	4,00,000	
Profit & Loss A/c	5,00,000	5,00,000	
Creditors	3,00,000	2,00,000	
<b>TOTAL</b>	<b>50,00,000</b>	<b>26,00,000</b>	
<b>II Assets</b>			
Land & Building	20,00,000	15,00,000	
Plant & Machinery	8,00,000	7,00,000	
Sundry Debtors	5,00,000	4,00,000	
Investments (12,000 shares in S Ltd.)	17,00,000		
<b>TOTAL</b>	<b>50,00,000</b>	<b>26,00,000</b>	
<p>H Ld. Acquired its shares in S Ltd. On 1<sup>st</sup> July 2022. On 1 April 2022, the reserve and surplus of S Ltd. stood at Rs.2,50,000 and its profit and loss account (Cr.) was Rs.2,00,000.</p> <p><b>Q. 5: (A).</b> Prepare Statement of Net Assets, Cost of Control and Minority Interest.</p> <p><b>Q. 5: (B).</b> Prepare a Consolidated Balance Sheet.</p> <p>(Entire Sec C to be assigned one CO. Both questions corresponding to the same CO)</p>			

Kindly fill the total marks allocated to each CO's in the table below:

COs	Marks Allocated
CO1	12 Marks
CO2	7 Marks
CO3	14 Marks
CO4	7 Marks

(Please ensure the conformity of the CO wise marks allocation as per your TLEP.)

Blooms Taxonomy Levels given below for your ready reference:

- L1= Remembering
- L2= Understanding
- L3= Apply
- L4= Analyze
- L5= Evaluate
- L6= Create