**Financial Statement Analysis**

**April 2023 Examination**

**1. PQR Ltd manufactures & sells toys where the equity share capital is Rs 10 Lakh at the face value of Rs 10 each. At the end of the financial year, the current assets are Rs 2 lakhs consisting of stock Rs 50000 & debtors is Rs 150000 & current liabilities is Rs 1 lakh.**

**Following is the information given related to Income statement.**

|  |  |
| --- | --- |
| **Particulars** | **Amount** |
| **Revenue from operations** | **300000** |
| **Cost of Sales** | **100000** |
| **Administrative expenses** | **20000** |
| **Commission on Sales** | **10000** |
| **Advertisement Expenses** | **20000** |

**Calculate Profitability ratios & Liquidity ratio & interpret on both the ratios (10 Marks)**

**Ans 1.**

**Introduction**

Profitability ratios can be defined as financial metrics used to evaluate and assess a corporation's functionality to generate sales relative to its earnings, balance sheet assets, operating expenses, or shareholder's equity over time, using data from a particular factor in time.

Efficiency ratios can be compared with profitability ratios, which do not forget how properly a firm makes use of its assets internally to generate income (as opposed to after-cost profits)

For many profitability ratios, having a maximum value relative to a competition or

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**2. XYZ Ltd provides information regarding income statement of two financial year. Prepare Comparative Income Statement & do Interpretation on it. (10 Marks)**

|  |  |  |
| --- | --- | --- |
| **Particulars** | **31st Mar, 21** | **31st Mar, 22** |
| **Revenue from Operation** | **300000** | **500000** |
| **Cost of goods sold** | **100000** | **200000** |
| **Administrative Expenses** | **30000** | **20000** |
| **Selling Expenses** | **20000** | **10000** |
| **Interest on Loan** | **5000** | **5000** |

**Tax Payable is 30 %**

**Ans 2.**

**Introduction**

An earnings statement is protected inside the list of 3 financial statements. It reviews a firm's overall financial performance over a specific accounting duration. The other two statements are the coins glide announcement and the balance sheet.

The earnings statement mainly focuses on the extra firm's revenue, losses, and gains of a firm accounting length. Also called the P&L (profit and loss) statement or the assertion of cost and price, a profits statement offers us treasured facts about a firm's operations, underperforming

**3. Jay Ltd is providing information related to cash flow statements**

|  |  |  |
| --- | --- | --- |
| **Particulars** | **31st Mar21** | **31st Mar22** |
| **Investment** | **500000** | **600000** |
| **Plant & Machinery** | **200000** | **100000** |
| **Land & Building** | **300000** | **350000** |
| **Furniture** | **100000** | **100000** |
| **Equity share capital** | **500000** | **700000** |
| **Bank Loan** | **300000** | **200000** |
| **10% Preference share capital** | **700000** | **500000** |

**Other information is Interest paid is Rs 50000 & Interest received on investment is Rs 20000 during the year.**

**a. Calculate cash flow from Investing Activities (5 Marks)**

**Ans 3a.**

**Introduction**

The cash flow statement is a financial statement that briefs the motion of cash equivalents and cash that goes out and is derived from a company. The cash flow declaration determines and calculates how nicely a company manages its cash position, meaning how well it generates cash to pay its debt obligations and fund its working charges. It is one of the three

**b. Calculate cash flow from Financing Activities (5 Marks)**

**Ans 3b.**

**Introduction**

Cash flow from financing sports may be described as a segment of a company's cash flow statement, which depicts the net cash flows used to fund the company. Financing activities involve transactions including equity, debt, and dividends.

Cash flow from financing activities