**SESSION DEC 2022**

**PROGRAM BACHELOR OF COMMERCE**

**SEMESTER III**

**COURSE CODE &amp; NAME DCM2105– FINANCIAL STATEMENT INTERPRETATION**

**CREDITS 4**

**1. “Analysis without interpretation is meaningless and interpretation without analysis is impossible”. In light of the above statement, Discuss concept and significance of financial statement analysis.**

**Ans:** Interpretation means explaining the meaning and significance of the data. These two are complimentary to each other, analysis is useless without interpretation, and interpretation without analysis is difficult or even impossible.

**Financial statement**

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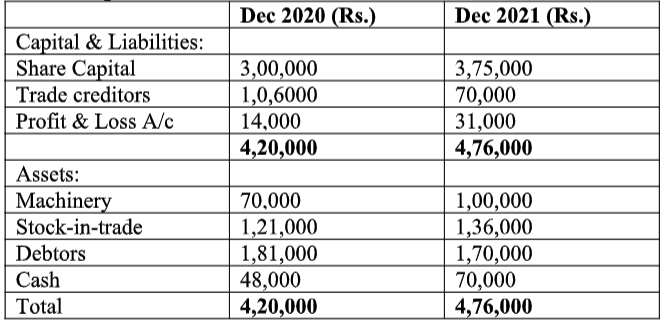
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**2. Explain the components of the Income statement as per the revised Schedule III of the Companies Act 2013.**

**Ans: Schedule III –** Companies Act, 2013 Schedule III of the Companies Act, 2013 specifies how every company registered under the Act must prepare its Statement of Balance Sheet, Income Statement or Profit and Loss Statement and Financial Statement Notes.

**General Instructions**

**3. Prepare a schedule for changes in the working capital from the Balance Sheet data given below:**



**Ans:**

**Assignment Set – 2**

**4. The following figures are extracted from the books of XYZ ltd. as at 30-6-2021**

|  |  |
| --- | --- |
| **Net sales**  **Less Cost of goods sold**  **Gross Profit**  **Net Profit**  **Current assets**  **Inventories**  **Fixed assets**  **Total assets**  **Net worth**  **Debt**  **Current Liabilities**  **Total Liabilities**  **Working Capital** | **24,00,000**  **18,00,000**  **6,00,000**  **3,60,000**  **7,60,000**  **8,00,000**  **14,40,000**  **30,00,000**  **15,00,000**  **9,00,000**  **6,00,000**  **30,00,000**  **9,00,000** |

**Calculate:**

**1. Gross profit ratio**

**2. Net Profit ratio**

**3. Inventory turnover ratio**

**4. Working capital turnover ratio**

**Ans:**

**5. What do you mean by Annual Report? Explain the constituents of the annual report.**

**Ans:** An annual report is a detailed report on a company's operations during the previous year. Annual reports are intended to inform shareholders and others who are interested in the company's activities and financial performance. They could be classified as grey literature. The majority of

**6. From the following Balance sheet of a concern for the years 2021 and 2022. Prepare a comparative Balance sheet and comment on the financial position of the concern:**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Liabilities** | **2021** | **2022** | **Assets** | **2021** | **2022** |
| **Equity Share capital** | **6,00,000** | **8,00,000** | **Land &amp; Buildings** | **3,70,000** | **2,70,000** |
| **Reserves &amp; Surplus** | **3,30,000** | **2,22,000** | **Plant &amp; machinery** | **4,00,000** | **6,00,000** |
| **Debentures** | **2,00,000** | **3,00,000** | **Furniture &amp; Fixtures** | **20,000** | **25,000** |
| **Long-term loans on mortgage** | **1,50,000** | **2,00,000** | **Other fixed assets** | **25,000** | **30,000** |
| **Bills payable** | **50,000** | **45,000** | **Cash in hand and bank** | **20,000** | **80,000** |
| **Sundry creditors** | **1,00,000** | **1,20,000** | **Bills receivable** | **1,50,000** | **90,000** |
| **Other current Liabilities** | **5,000** | **10,000** | **Sundry Debtors** | **2,00,000** | **2,50,000** |
|  |  |  | **Stock** | **2,50,000** | **3,50,000** |
|  |  |  | **Prepaid Expenses** |  | **2,000** |
|  | **14,35,000** | **16,97,000** |  | **14,35,000** | **16,97,000** |

**Ans:**