

## COMMERCE ACCOUNTANCY (055)

### Assignment-3

#### Chapter 2: Financial Statements Analysis and Chapter 3: Tools of Financial Statement Analysis– (Comparative Statements)

#### Answer the following questions:

1. What is meant by Analysis of Financial Statements?
2. What is Horizontal Analysis?
3. State any two objectives of Financial Statement Analysis.
4. How is analysis of Financial Statement important to Creditors?
5. State the process of Financial Statement Analysis.
6. Explain any four limitations of Financial Statement Analysis.
7. Balance Sheet of Blue bell Ltd. As at 31<sup>st</sup> March 2019 is given below:

Balance Sheet as at 31<sup>st</sup> March, 2019

Particulars	Note No.	31 <sup>st</sup> March, 2019 (Rs.)	31 <sup>st</sup> March, 2018 (Rs.)
<b>I. EQUITY AND LIABILITIES</b>			
<b>1. Shareholders' Funds</b>			
a. Share Capital		3,26,000	2,44,000
b. Reserves and Surplus		1,00,000	1,00,000
<b>2. Non-Current Liabilities</b>			
Long- term Borrowings		6,96,000	4,38,000
<b>3. Current Liabilities</b>			
Trade Payables		2,98,000	78,000
<b>Total</b>		14,20,000	8,60,000
<b>II. ASSETS</b>			
<b>1. Non Current Assets</b>			
a. Fixed Assets		5,68,000	4,30,000
b. Non-Current investments		6,000	4,000
<b>2. Current Assets</b>			
a. Trade Receivables		6,46,000	3,76,000
b. Cash and Cash equivalents		2,00,000	50,000
<b>Total</b>		14,20,000	8,60,000

Prepare Comparative Balance Sheet showing percentage changes from 2018 to 2019.

8. From the following Balance Sheet of H.P. Ltd. as at 31<sup>st</sup> March, 2019, prepare Comparative Balance Sheet:

Particulars	Note No.	31 <sup>st</sup> March, 2019 (Rs.)	31 <sup>st</sup> March, 2018 (Rs.)
<b>I. EQUITY AND LIABILITIES</b>			
<b>1. Shareholders' Funds</b>			
a. Share Capital:			
i. Equity Share Capital		12,50,000	5,00,000
ii. Preference Share Capital		2,50,000	2,50,000
b. Reserves and Surplus		3,00,000	4,50,000
<b>2. Non-Current Liabilities</b>			
Long-term Borrowings:12% Debentures		9,50,000	5,50,000
Loan from Directors		2,50,000	2,00,000
<b>3. Current Liabilities</b>			
a. Short term Borrowings		3,50,000	1,75,000
b. Trade Payables		2,00,000	1,00,000
c. Short term provisions		50,000	25,000
<b>Total</b>		<b>36,00,000</b>	<b>22,50,000</b>
<b>II. ASSETS</b>			
<b>1. Non Current Assets</b>			
Fixed Assets( Tangible)		22,50,000	15,00,000
<b>2. Current Assets</b>			
a. Inventories		4,50,000	2,50,000
b. Trade Receivables		8,00,000	4,50,000
c. Cash and Cash equivalents		1,00,000	50,000
<b>Total</b>		<b>36,00,000</b>	<b>22,50,000</b>

9. Following information is extracted from the Statement of Profit and Loss of Gold Coin Ltd. for the year ended 31<sup>st</sup> March, 2016:

Particulars	31 <sup>st</sup> March, 2016 (Rs.)	31 <sup>st</sup> March, 2015 (Rs.)
Revenue from Operations	60,00,000	45,00,000
Employee Benefit Expenses	30,00,000	22,50,000
Depreciation	7,50,000	6,00,000
Other Expenses	15,50,000	10,00,000
Tax Rate	30%	30%

Prepare Comparative Statement of Profit and Loss.

10. From the following Statement of Profit and Loss, prepare Comparative Statement of Profit and Loss:

Particulars	Note No.	31 <sup>st</sup> March, 2019 (Rs.)	31 <sup>st</sup> March, 2018 (Rs.)
<b>I. Income</b>			
Revenue from Operations ( Net Sales)		20,00,000	
Other Income		75,000	
<b>Total</b>		<b>20,75,000</b>	<b>18,00,000</b>

<b>II. Expenses</b>			
Purchases of Stock-in Trade		11,60,000	10,00,000
Change in Inventory of Stock in Trade		10,000	(25,000)
Employees Benefit Expenses		3,00,000	3,00,000
Depreciation and Amortisation Expenses		50,000	50,000
Other Expenses		90,000	75,000
<b>Total</b>		<b>16,10,000</b>	<b>14,00,000</b>
<b>III. Net Profit ( I-III)</b>		<b>4,65,000</b>	<b>4,00,000</b>

**Notes to Accounts**

Particulars	31 <sup>st</sup> March, 2019 (Rs.)	31 <sup>st</sup> March, 2018 (Rs.)
<b>1. Employees Benefit Expenses</b>		
Wages	3,00,000	3,00,000
<b>2. Other Expenses</b>		
Administrative and General Expenses	70,000	50,000
Miscellaneous Expenses	20,000	25,000
	<b>90,000</b>	<b>75,000</b>

**Assignments should be neatly done in any copy or loose sheets.**

Kindly study (Volume III) **Chapter 3: Tools of Financial Statement Analysis – (Comparative Statements and Common-Size Statements)** from Diksha app

You can refer to these links if you need additional help

<https://www.youtube.com/watch?v=dv1K3mkWRpw>

<https://www.youtube.com/watch?v=9D4IjnHGU2M>