INDIRA UNIVERSITY, PUNE

SCHOOL OF COMMERCE & ECONOMICS-MCOM

Term End Examination (2025 Pattern) April- May – 2026- Semester – II

Course Name: Financial Analysis and Control **Max. Marks: 50**
Course Code: 25MOC201T **Time: 2:30 Hrs.**

Instructions

- All Questions Are Compulsory

Q.1	**Fill in the Blanks : (any 5) (5 Marks)** **A. Financial analysis involves examining financial statements to understand the firm's performance. It mainly helps in:** a. recording daily transactions in books b. interpreting financial data for decision making c. preparing vouchers and bills d. maintaining ledger accounts	**CO1**
	B. A company prepares comparative financial statements for two years. What is their main purpose? a. to record transactions b. to analyse changes over time c. to calculate tax liability d. to prepare cash book	**CO1**
	C. Which of the following is a financing activity? a. purchase of machinery for cash c. issue of debentures to raise funds d. sale of goods for cash b. payment of wages to employees	**CO1**
	D. Which of the following transactions will lead to a decrease in working capital of a company? a. cash received from debtors b. purchase of fixed assets for cash c. issue of shares for cash d. sale of goods for cash	**CO1**
	E. If the current ratio of a company is 2:1 and current assets are ₹1,20,000, calculate the current liabilities. a. ₹60,000 b. ₹1,20,000 c. ₹2,40,000 d. ₹80,000	**CO1**
	F. The company which issues bonds and stocks to raise funds will result to: a. Increase in cash b. decrease in cash c. increase in the liabilities d. increase in the equity	**CO1**

	G. From the following options, which are the items that can be shown as the sources of funds a. Debentures for cash as well as issues of shares b. Loans that are long-term c. Funds that are obtained from operations d. All the above points	**CO1**
Q.2	**Write the following statements are True or False: (any 5) (5 Marks)** **A.** Financial analysis is based only on future estimates and does not consider past financial data. **B.** Common size statements express each item in financial statements as a percentage of a common base figure. **C.** Fund flow statement deals only with cash transactions and ignores working capital changes. **D.** Quick ratio excludes inventory because inventory is not easily convertible into cash. **E.** Trend analysis is useful only for short-term financial decisions and not for long-term planning. **F.** Cash received from debtors increases current assets and therefore improves working capital. **G.** Depreciation is added back to net profit while calculating funds from operations.	**CO2**
Q.3	**Write Short notes on: (any 2) (10 Marks)** A. Explain the uses of financial analysis in evaluating business performance B. Differentiate between cash flow statement and fund flow statement with suitable examples. C. Discuss the limitations of comparative statements in financial analysis.	**C03**
Q.4	Following is the balance sheet of Gargi Ltd. **(10 Marks)**	**CO4**

Liabilities	**Rs.**	**Asset**	**Rs.**
Equity Share Capital	2,00,000	Machinery	5,92,000
12% Preference share capital	3,60,000	Investment	2,24,000
General Reserve	1,40,000	Stock	2,02,000
16% debentures	2,40,000	Bills Receivable	40,000
Trade payable	2,44,000	S. Debtors	98,000
Bank overdraft	40,000	Cash and Bank	76,000
Provision for Income Tax	36,000	Profit & Loss A/c	28,000
	12,60,000		**12,60,000**

Calculate Following Ratios from the above balance sheet:

1. Current Ratio
2. Liquid Ratio
3. Proprietary Ratio
4. Capital Gearing Ratio
5. Debt Equity Ratio

	OR Analyse role of ratio analysis in financial decision making.	**CO4**
Q.5	Following are the balance sheet of K ltd. For the year 2022 and 2023 **(10 Marks)**	**CO5**

Liabilities	2022	2023	Asset	2022	2023
Equity Share Capital	3,00,000	3,50,000	Fixed Asset (Net)	5,10,000	6,20,000
15% Preference share capital	2,00,000	1,00,000	Investment	30,000	80,000
Reserve & Surplus	1,10,000	2,70,000	Current Asset	2,00,000	3,05,000
15% debentures	1,00,000	2,00,000	Cash in hand	40,000	70,000
Current liabilities	80,000	1,60,000	Discount on issue of debenture	10,000	5,000
	7,90,000	**10,80,000**		**7,90,000**	**10,80,000**

Additional Information:

i. A machine with a book value of Rs. 40,000 was sold for Rs. 25,000
ii. 15% preference shares were redeemed at a premium of 15% on 31.03.2022 for Rs. 1,00,000
iii. Dividend on Equity shares @15% was paid for the year 2022 during 2023
iv. Depreciation charged during 2023 was Rs. 60,000
You are required to prepare a Cash Flow statement as per AS-3.

OR

Critically examine the importance and uses of the cash flow statement in financial decision making. **CO5**

Q.6 From the following information relating to Honida Ldt. Prepare statement showing Sources and Application of Fund for the year ended 31st December 2022 with full working details: **(10 Marks)** **CO6**

Liabilities	31.12.2021	31.12.2022	Asset	31.12.2021	31.12.2022
Equity Share Capital	4,50,000	4,50,000	Fixed Asset (Net)	4,00,000	3,20,000
Profit and loss account	56,000	68,000	Investment	50,000	60,000

Reserve & Surplus	3,00,000	3,10,000	Inventories	2,40,000	2,10,000
Sundry creditors	1,68,000	1,34,000	Debtors	2,10,000	4,55,000
Provision for tax	75,000	10,000	bank	1,49,000	1,97,000
Mortgage loan	-	2,70,000			
	10,49,000	**12,42,000**		**10,49,000**	**12,42,000**

Additional Information:

i. Investment costing Rs. 8,000 were sold during the year 2022 for Rs 8,500
ii. Provision for taxation made during the year was Rs. 9,000
iii. During the year part of Fixed Assets book value of 10,000 was sold for Rs. 12,000. The profit was included in the profit and loss account.
iv. Dividend paid during the year amounted to Rs. 40,000
