



SNS College of Technology

Coimbatore - 35



23BAT605 – FINANCIAL STATEMENT ANALYSIS Unit II – FINANCIAL STATEMENT ANALYSIS

Topic: Guess?????



Presented by

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Design Thinker

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to Implement

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Curriculum**

**Redesigning Common Mind and
Business Towards Excellence**



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PROBLEM - 1

The following are the summaries of the balance sheets of the Bharat Vijay Ltd. as on 31-12-02 and 31-12-03.

Liabilities	2002 Rs.	2003 Rs.	Assets	2002 Rs.	2003 Rs.
Share capital	3,00,000	4,00,000	Buildings	1,20,000	2,50,000
Debentures	2,00,000	2,50,000	Machinery	3,00,000	2,60,000
Profit & Loss A/c	40,000	60,000	Stock	90,000	80,000
Creditors	70,000	80,000	Debtors	1,40,000	2,40,000
Bank overdraft	25,000	25,000	Prepaid expenses	15,000	25,000
Provision for Taxation	30,000	40,000			
	<u>6,65,000</u>	<u>8,55,000</u>		<u>6,65,000</u>	<u>8,55,000</u>

The following additional information is obtained:

1. The net profit for the year was Rs. 40,000 after charging depreciation.
2. During the year depreciation charged was Rs. 30,000 on building and Rs. 40,000 on machinery.
3. The company purchased during the year buildings worth Rs. 1, 60,000.
4. Dividend paid during the year amounted to Rs. 20,000.

From the above information, prepare a statement of sources and application of funds for the year 2003.



Solution - 1

STATEMENT OF CHANGES IN WORKING CAPITAL

PARTICULAR	2002	2003	INCCREASE IN W.C.	DECREASE IN W.C.
Current Assets				
Stock	90,000	80,000	-	10,000
Debtors	1,40,000	2,40,000	1,00,000	-
Prepaid Expenses.	15,000	25,000	10,000	-
Total (A)	2,45,000	3,45,000		
Current Liabilities				
Creditors	70,000	80,000		10,000
B.O.D.	25,000	25,000	-	-
Provision for Taxation	30,000	40,000	-	10,000
Total (B)	1,25,000	1,45,000		
Working Capital (A-B)	1,20,000	2,00,000		
Increase in Working Capital				80,000
			1,10,000	1,10,000



LEDGER ACCOUNTS:

Building Account

Particular	Amount ₹	Particular	Amount ₹
Opening Bal	1,20,000	By Depreciation	30,000
To bank A/C- Purchase	1,60,000	By closing balance	2,50,000
	2,80,000		2,80,000

Machinery Account

Particular	Amount ₹	Particular	Amount ₹
To opening bal	3,00,000	By Depreciation	40,000
		By closing bal.	2,60,000
	3,00,000		3,00,000



Adjusted Profit and Loss Account

Particular	Amount ₹	Particular	Amount ₹
To Depreciation		By Opening balance	40,000
Building 30,000			
Machinery 40,000	70,000		
To Dividend Paid	20,000		
To closing balance	60,000	By Adjusted Profit	1,10,000
	1,50,000		1,50,000

Fund Flow Statement

Sources of Funds	Amount ₹	Application of Funds	Amount ₹
Equity share capital	1,00,000	Purchase building	1,60,000
Debenture	50,000	Dividend Paid	20,000
Profit	1,10,000	Increase in working capital	80,000
	2,60,000		2,60,000



Time for the assessment...



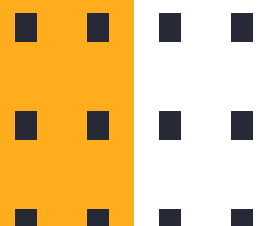
Which of the following are applications of funds?

- a.** Payment of dividend on share capital
- b.** Payment of tax
- c.** Increase in working capital
- d.** All of the above



Summary

Problem in Fund Flow Statements





References...



http://content.inflibnet.ac.in/data-server/eacharya-documents/53e0c6cbe413016f234436f6_INFIEP_18/4/SA/18-4-SA-V1-S1__solved_problems_ffs.pdf



Thank
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