

VPM's
DR VN BRIMS, Thane
Programme: PGDM (2019-21)
PGDM Trimester I Examination September 2019

Subject	Financial Reporting, Statement and Analysis		
Roll No.		Marks	60 Marks
Total No. of Questions	7	Duration	3 Hours
Total No. of printed pages		Date	30/09/2019

Note: Q1 is compulsory and solve any FOUR (10 Marks Each) from the remaining SIX questions.

Q1) 20 Marks (Compulsory)

Common Size statement of Colgate Palmolive from 2007 to 2015

Colgate-Palmolive Company										
Income Statement (Consolidated)										
(\$ in Million Except Per Share Amounts)	Dec-07	Dec-08	Dec-09	Dec-10	Dec-11	Dec-12	Dec-13	Dec-14	Dec-15	
Net sales	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Cost of sales	43.8%	43.7%	41.2%	40.9%	42.7%	41.9%	41.4%	41.5%	41.4%	
Gross profit	56.2%	56.3%	58.8%	59.1%	57.3%	58.1%	58.6%	58.5%	58.6%	
Selling, general and administrative expenses	36.1%	35.4%	34.5%	34.8%	34.4%	34.7%	35.7%	34.6%	34.1%	
Other (income) expense, net	0.4%	0.7%	0.7%	1.9%	-0.1%	0.7%	2.4%	3.3%	0.4%	
Operating profit	19.7%	20.2%	23.6%	22.4%	23.0%	22.8%	20.4%	20.6%	17.4%	
Interest expense, net	1.1%	0.6%	0.5%	0.4%	0.3%	0.1%	-0.1%	0.1%	0.2%	
Income before income taxes	18.6%	19.6%	23.1%	22.0%	22.6%	22.7%	20.5%	20.4%	17.2%	
Provision for income taxes	5.5%	6.3%	7.4%	7.2%	7.4%	7.3%	6.6%	6.9%	7.6%	
Net income including noncontrolling interests	13.1%	13.3%	15.6%	14.9%	15.3%	15.4%	13.8%	13.5%	9.7%	
Less: Net income attributable to noncontrolling interests	3.7%	3.9%	4.4%	4.8%	4.8%	6.0%	7.0%	6.8%	10.6%	
Net income attributable to Colgate-Palmolive Company	12.6%	12.8%	14.9%	14.2%	14.5%	14.5%	12.9%	12.6%	8.6%	
Effective Tax Rates	29.6%	32.2%	32.2%	32.6%	32.6%	32.1%	32.4%	33.8%	44.0%	

(a) What is a common size statement?

(b) Common size statement aids in Decision making- Agree/ Disagree- Justify your answer

(c) Comment on each line item of Income statement?

Q2. What is a cash flow statement, prepare a proforma of Cash flow statement, also explain the concept of free cash flow?

Q3. (a) Calculate the intrinsic value of ICICI Bank shares whose current market price as on 27th September is Rs 445 per share, Industry P/E is 37.73 and EPS (TTM) is 8.35. Also decide upon buy, sell or hold signal.

(b) Give 3 reasons why balance sheets always tally?

Q4. Extract from financial accounts of X, Y, Z Ltd. are:

	Year I		Year II	
	Assets Rs.	Liabilities Rs.	Assets Rs.	Liabilities Rs.
Stock	10,000		20,000	
Debtors	30,000		30,000	
Payment in Advance	2,000		—	
Cash in hand	20,000		15,000	
Sundry Creditors		25,000		30,000
Acceptances		15,000		12,000
Bank Overdraft		—		5,000
	62,000	40,000	65,000	47,000

Sales amounted to Rs.3,50,000 in the first year and Rs.3,00,000 in the second year.

You are required to comment on the solvency position of XYZ Ltd with the help of accounting ratios.

Q5.

The following Trading and Profit and Loss Account of Fantasy Ltd. for the year 31-3-2000 is given below:

Particular	Rs.	Particular	Rs.
To Opening Stock	76,250	By Sales	5,00,000
“ Purchases	3,15,250	“ Closing stock	98,500
“ Carriage and Freight	2,000		
“ Wages	5,000		
“ Gross Profit b/d	2,00,000		
	5,98,500		5,98,500
To Administration expenses	1,01,000	By Gross Profit b/d	2,00,000
“ Selling and Dist. expenses	12,000	“ Non-operating incomes:	
“ Non-operating expenses	2,000	“ Interest on Securities	1,500
“ Financial Expenses	7,000	“ Dividend on shares	3,750
Net Profit c/d	84,000	“ Profit on sale of shares	750
	2,06,000		2,06,000

Calculate and comment on the following Ratios

- Gross Profit Ratio**
- Net Profit Ratio**
- Expense Ratio**
- Stock Turnover Ratio**

Q6. Explain the following

- NOPAT**
- Enterprise Value**
- Minority Interest**
- Deferred Tax assets and liability**

Q7. Comparative Balance for the year 2007 and 2008

	2008 (\$)	2007 (\$)
<u>Assets</u>		
Current assets	550,000	533,000
Long-term investments	95,000	177,500
Plant assets (net)	444,500	470,000
Intangible assets	50,000	50,000
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Total assets	1,139,500	1,230,500
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<u>Liabilities</u>		
Current liabilities	210,000	243,000
Long-term liabilities	100,000	200,000
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Total liabilities	310,000	443,000
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Stockholders' Equity:		
Preferred 6% stock, \$100 par	150,000	150,000
Common stock, \$10 par	500,000	500,000
Retained earnings	179,500	137,500
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Total stockholders' equity	829,500	787,500
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Total liabilities and stockholders' equity	1,139,500	1,230,500
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Calculate %increase and decrease and comment of the trend and performance of business.