

Financial Statement Analysis (FIN621) Assignment Spring Semester 2009

Total Marks: 30

Please read the following instructions carefully before attempting the Assignment:

- Last date for submission of Assignment is **11/06/2009**
- You must go through, thoroughly lectures 01-34 for this Assignment.
- Give the answer according to question, no mark will be given for irrelevant material.
- Don't rely on handouts only, use other recommended/reference books also.
- Make sure that you upload your solution before due date. No solution will be accepted through E-mail.
- Cheating or copying of assignment is strictly prohibited; No credit will be given to copied assignment.
- Once you upload the assignment on VULMS, it will not be replaced under any condition
- Compose your document in MS-Office 2003. Any file created in any other version will not be accepted and marked zero.
- All of the above instructions will be considered while marking, so you are required to follow all of them.

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PROBLEM:

The incomplete comparative financial statement data for XYZ Company are given below:

	<u>December 31</u>	
ASSETS:	2008	2007
	Rs.	Rs.
• Cash	4,000	?
• Accounts receivable	36,000	29,000
• Inventory	?	61,000
• Plant and equipment	210,000	180,000
• Accumulated depreciation	<u>(40,000)</u>	<u>(30,000)</u>
Total Assets	<u>285,000</u>	<u>?</u>
 LIABILITIES & STOCKHOLDER'S EQUITY:		
• Accounts payable	45,000	39,000
• Common stock	90,000	?
• Retain earnings	?	138,000
Total Liabilities & Stockholder's equity	<u>?</u>	<u>247,000</u>

For 2008, the company reported net income as follows:

	Rs.
Sales	500,000
Less: Cost of goods sold	?
Gross margin	200,000
Less: Operating expenses	?
Net Income	<u>20,000</u>

Required:

- A. Find the amount of cash for the year 2007
- B. Calculate current ratio for the year 2007
- C. Find the amount of inventory for the year 2008
- D. Calculate the inventory turnover ratio for the year 2008
- E. Calculate the amount of dividend declared and paid during the year 2008
- F. Using the Indirect method prepare a Statement of Cash Flow for the year ended 31st December 2008 by showing the following activities separately:
 1. Cash Flow From Operating Activities
 2. Cash Flow From Investing Activities
 3. Cash Flow From Financing Activities

Note: There were no sale of plant and equipment during the year.