

TERM END EXAMINATION-JUNE, 2019
DIPLOMA IN ACCOUNTING (DIA)

Course Code DIA-06

ANALYSIS OF FINANCIAL STATEMENT

TIME-3 Hours

FULL MARKS=100

(Answer all the questions form Group-A, any four questions from Group - 'B', any four questions from Group - 'C' and any two questions from Group - 'D')

Group-A

1. Answer all the questions, each within one or two sentences.

Marks-1x10=10

- (a) What are the two basic financial statements?
- (b) Give two characteristics of ideal financial statements.
- (c) Name the different tools of financial statement analysis.
- (d) What are the two principal uses of ratio analysis to management?
- (e) Define current ratio. What is the standard value of current ratio?
- (f) Explain one of the limitation of ratio analysis.
- (g) Define a funds flow statement.
- (h) What are the sources of short-term working capital?
- (i) What is acid test ratio?
- (j) What do you mean by working capital gap?

Group-B

2. Answer any four questions each within 100 words.

Marks-5x4=20

- (a) Who are the users of financial statement?
- (b) What is a position statement? Evaluate its significance.
- (c) Write a note on horizontal analysis.
- (d) Write a brief note on comparative financial statement.
- (e) What do you mean by liquidity ratios?
- (f) Define a cash flow statement. Why is it prepared?

Group-C

3. Answer any four questions, each within 200 words.

Marks-10x4=40

- (a) Explain the meaning and significance of Solvency, liquidity and Profitability ratios. Give suitable examples.
- (b) Write a note on Du-Pont analysis.
- (c) When does flow of funds take place?
- (d) What are the sources and application of funds?
- (e) Give a specimen of the schedule of changes in working capital.
- (f) Discuss the different sources of quick financing.

Group-D

4. Answer any two questions, each within 300 words.

Marks-15x2=30

- (a) The income statement of a consumer is given below for the year ending 31st Dec.2015 and 31st Dec.2017. Rearrange the figures in a comparative form and study the profitability position of the concern.

P.T.O

PARTICULARS	31 st DEC.2015(Rs)	31 st DEC.2016(Rs)
Net Sales	7850	9000
Cost of Goods sold	4500	5000
Operating Expenses:		
Gen.&Admn. Expenses	700	720
Selling Expenses	800	900
Non-operating Expenses:		
Income-Tax	700	800
Interest Paid	250	300

(b) Discuss with illustrations any three of the following

- i) Current Ratio
- ii) Stock turnover Ratio
- iii) Debt to Equity Ratio
- iv) Leverage Ratio
- v) Asset Management ratio

(c) Explain in detail the different conventional and non-conventional sources of Financing the working Capital requirements of a business enterprise.
