

Term End Examination- December 2017
Diploma in Accounting
Analysis of Financial Statement
Course Code-DIA-06

Time-3 Hours
 Full Marks-100

Answer any four questions from Group-‘A’, any two questions from Group- ‘B’ and any three questions from Group-‘C’.

Group ‘A’

(Answer any four questions each within 100 words, each carries 5 marks)

Marks: 5 X 4= 20

Q.No.1

- (a) Briefly elaborate the advantages of comparative financial statement analysis. (5)
- (b) Narrate the steps of computing trend values or trend percentages. (5)
- (c) How can general profitability ratios be interpreted? (5)
- (d) Discuss the importance of calculating debt to equity ratio. (5)
- (e) When does flow of funds take place? (5)
- (f) What do you mean by cash flow statement? (5)
- (g) What is meant by financial statements? (5)

Group ‘B’

(Answer any two questions each within 250 words, each carries 10 marks)

Marks: 10 X 2= 20

Q.No.2

- (a) What do you mean by ratio analysis? Briefly explain the ratios used to analyze the profitability of a firm. (2 +8)
- (b) From the following Balance Sheet of Jai Hind Ltd., prepare a Comparative Balance Sheet: (10)

Liabilities	2015 (in Rs.)	2016	Assets	2015	2016
Share Capital	50,000	80,000	Fixed Assets	70,000	95,000
Reserves	20,000	30,000	Investment	10,000	20,000
Debentures	30,000	40,000	Current Assets	20,000	35,000
	1,00,000	1,50,000		1,00,000	1,50,000

- (c) Briefly explain the various factors influencing working capital. (10)
- (d) Discuss briefly the classification of activities as prescribed in AS-3 for preparation of Cash Flow Statement and give three examples of each such class of activities. (10)
- (e) Write Short notes on: (5+5)
 - (i) Types of Solvency Ratios
 - (ii) Importance of Trend Analysis

Group 'C'

(Answer any three questions each within 500 words)

Marks: 20 X 3= 60

Q.No.3

(a) What is common size statement? Briefly explain the procedure of preparing Common Size Statement by a suitable example. (5+15)

(b) Differentiate between: (2X10=20)

(i) Common Size Statement and Comparative Statement

(ii) Funds Flow Statement and Cash Flow Statement

(c) What do you mean by ratio analysis? Discuss the advantages and limitations of accounting ratio. (5 + 15)

(d) What do you mean by financial statement analysis? Briefly explain the different techniques of financial statement analysis. (5+15)

(e) Following is the balance sheet of Aspire Tires Ltd. as on 31st March, 2017. (20)

Liabilities	Amount	Assets	Amount
Equity Capital	2,00,000	Land and Buildings	1,40,000
Profit and Loss Account	30,000	Plant and Machinery	3,50,000
General Reserve	40,000	Stock	2,00,000
12% Debentures	4,20,000	Sundry Debtors	1,00,000
Sundry Creditors	1,00,000	Bills Receivable	10,000
Bills Payable	50,000	Cash at Bank	40,000
	8,40,000		8,40,000

Calculate:

(a) Current Ratio

(b) Quick Ratio

(c) Inventory to working capital

(d) Debt to Equity Ratio