

Term End Examination-, June 2017
Diploma in Accounting
Analysis of Financial Statement
Course Code-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)

Marks: 5 X 4= 20

Q.No.1

- (a) Distinguish between current ratio and quick ratio.
- (b) Narrate the objectives of financial statement analysis.
- (c) What do you mean by working capital cycle?
- (d) Discuss the significance of debt-equity ratio.
- (e) Briefly explain the needs or objects of working capital objectives.
- (f) What are the limitations of financial statement analysis?
- (g) Briefly explain the cash flows from operating activities with suitable example.

Group ‘B’

(Answer any two questions each within 250 words)

Q.No.2

Marks: 10 X 2= 20

(a) What do you mean by ratio analysis? Briefly explain the ratios used to judge the long-term solvency of a business entity.

(b) Following are the Income Statements of a company for the years ending Dec., 31, 2015 and 2016.

You are required to prepare common size Income Statement and interpret the statement:

Particulars	2015 (Rs. in'000)	2016(Rs. in'000)
Sales	500	700
Miscellaneous Income	<u>20</u>	<u>15</u>
	<u>520</u>	<u>715</u>
Expenses:		
Cost of sales	325	510
Office expenses	20	25
Selling Expenses	30	45
Interest	<u>25</u>	<u>30</u>
Total Expenses	400	610
Net Profit	<u>120</u>	<u>105</u>
	<u>520</u>	<u>715</u>

(c) Briefly explain the short term sources of financing working capital.

(d) Define cash flow statement? Differentiate between cash flow statement and fund flow statement.

(e) Write Short notes on:

- (i) Types of working capital
- (ii) Profitability Ratios

Group 'C'

(Answer any three questions each within 500 words)

Marks: 20 X 3= 60

Q.No.3

(a) What are the importances of comparative statements to management? Illustrate your answer with particular reference to comparative Revenue Statement and Balance sheet state briefly how these statements are prepared.

Q.No.4

Write short notes on:

(i) Trend analysis

(ii) Liquidity ratios

Q.No.5

Define the term working capital. What factors are considered in estimating the working capital needs of a concern?

Q.No.6

What do you mean by Fund Flow Statement? Briefly explain the various sources and applications of funds.

Q.No.7

Following is the balance sheet of Sumona International as on 31st March, 2017.

Liabilities	Amount	Assets	Amount
Equity Capital	6,00,000	Fixed Assets	8,00,000
Reserve	4,00,000	Current Assets	5,00,000
Long-Term Liabilities	2,00,000		
Current Liabilities	1,00,000		
	13,00,000		13,00,000

Calculate:

- (a) Proprietary Ratio
- (b) Fixed assets to Proprietary's Fund Ratio
- (c) Current assets to Proprietary's Fund Ratio
- (d) Debt-Equity Ratio
- (e) Current Ratio