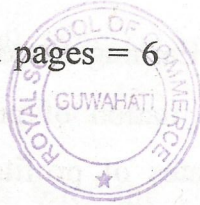


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4 (Sem 5) FNSEA

2015

## FINANCIAL STATEMENT ANALYSIS

(Major)

Paper : 5.5

Full Marks – 80

Time – Three hours

The figures in the margin indicate full marks for the questions.

1. Answer the following as directed :  $1 \times 5 = 5$

(a) Financial Statements are

(i) estimates of facts

(ii) anticipated facts

(iii) recorded facts

(Select the correct answer)

[Turn over

(b) Retained Earning Statement depicts :

- (i) appropriation of profits
- (ii) estimates of profits
- (iii) estimates of costs

(Select the correct answer)

(c) Vertical analysis refers to the comparison of financial data of a company for several years.  
(State whether the statement is true or false)

(d) Liquid ratio is also known as \_\_\_\_\_ ratio.  
(Fill up the gap)

(e) Which of the following is non-current asset ?

- (i) Bill Receivable
- (ii) Goodwill
- (iii) Cash Balance

2. Write the meaning of the following :  $2 \times 5 = 10$

- (a) Assets
- (b) Horizontal analysis of Financial Statement
- (c) Leverage ratio
- (d) Trend analysis
- (e) Statement of changes in working capital

3. Answer the following in brief :  $5 \times 5 = 25$

(a) Write the limitations of Financial Statements.

(b) Mention in brief the contents of Board of Director Report.

(c) State the managerial use of ratio analysis.

(d) What is Gross Profit Ratio ?

From the following information, calculate Gross Profit Ratio.

Total sales = Rs. 5,20,000

Sales return = Rs. 20,000

Cost of goods sold = Rs. 4,00,000

(e) Write the limitations of Fund Flow Statement.

4. Why is Financial Statement significant ? Write the characteristics of Financial Statement.  $4 + 6 = 10$

Or

What is corporate reporting ? State the voluntary disclosures of information by the various companies through annual report.  $2 + 8 = 10$

5. From the following information, draw up a Balance Sheet : 15

Current ratio = 2.5

Liquidity ratio = 1.5

Networking capital = Rs. 3,00,000

Stock turnover ratio = 6 times  
(cost of sale/closing stock)

Gross profit ratio = 20%

Fixed asset turnover ratio = 2 times

Average debt collection period = 2 months

Fixed assets : Shareholders network = 1:1

Reserves : Share capital = 0.5:1.

Or

What is comparative statement ? How do the comparative balance sheet and comparative income statement help in interpreting financial state of an enterprise ? What is the basic difference between comparative statement and common size statement ? 2+8+5=15

6. What are the distinctions between Fund Flow Statement and Cash Flow Statement ? State the significance of Cash Flow Statement. Mention the procedure of preparing Cash Flow Statement under indirect method. 5+5+5=15

Or

(a) Mention the limitations of Cash Flow Statement.

(b) The following are the comparative Balance Sheets of ABC limited as on 31st December, 2013 and 2014. 3+12=15

Liabilities	Rs.	Rs.	Assets	Rs.	Rs.
	2013	2014		2013	2014
Share capital (Share of Rs. 10 each)	3,50,000	3,70,000	Land	1,00,000	1,50,000
Profit & Loss A/c	50,400	52,800	Stocks	2,46,000	2,13,500
9% Debenture	60,000	30,000	Goodwill	50,000	25,000
Creditors	51,600	59,200	Cash and Bank	42,000	35,000
			Temporary Investment	3,000	4,000
			Debtors	71,000	84,500
	5,12,000	5,12,000		5,12,000	5,12,000

Other particulars provided to you are —

- (a) Dividends declared and paid during the year Rs. 17,500.
- (b) Land was revalued during the year at Rs. 1,50,000 and the profit of revaluation transferred to Profit and Loss Account.

You are required to prepare a Cash Flow Statement for the year ended 31st December, 2014.

Particulars	2014	2013
Share Capital	1,00,000	1,00,000
Reserves	2,00,000	2,00,000
Current Liabilities	1,00,000	1,00,000
Fixed Assets	1,50,000	1,50,000
Land	1,50,000	1,50,000
Buildings	0	0
Plant and Machinery	0	0
Debtors	20,000	20,000
Creditors	10,000	10,000
Prepaid Expenses	5,000	5,000
Accrued Expenses	5,000	5,000
Dividends Payable	17,500	17,500
Share Applications	0	0
Share Premium	0	0
Profit and Loss Account	0	0
Bank Balance	0	0
Other Assets	0	0
Other Liabilities	0	0
Total	4,50,000	4,50,000