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4 (Sem-5) FSA

2018

FINANCIAL STATEMENT ANALYSIS

Paper – 5.5

(Accountancy Major)

Full Marks – 80

Pass Marks – 24

Time – Three hours

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

1. Answer the following questions as directed :

1×5=5

- (a) Copyright is an example of wasting asset.
(State 'true' or 'false')

- (b) 'Financial statements portray the financial effects of transactions and other events by grouping them into broad classes according to their economic characteristics'. (State whether the statement is 'true' or 'false'.)

[Turn over

- (c) Horizontal analysis is also known as
- (i) Dynamic analysis (ii) Static analysis
 - (ii) External analysis (iv) Internal analysis
- (Select the correct answer)

(d) Cash flows are _____ and _____ of cash and cash equivalents. (Fill in the blanks)

(e) Which of the following is an example of cash flow from operating activity ?

- (i) Buy-back of equity shares
- (ii) Redemption of debentures
- (iii) Payment of interest by a financial enterprise
- (iv) Raising of long-term loans

(Select the correct answer)

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

- (a) Cash flow
- (b) Financial statement
- (c) Vertical analysis
- (d) Absolute liquid ratio
- (e) Sources of funds

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3. Answer the following questions

(a) Explain in brief the statements.

(b) Explain common-size

(c) Anand Ltd. supplies information for the year 2018 :

Credit sales :

Cash sales

Returns inward

Opening inventory

Closing inventory

Rate of GP

Find out (i) Inventory

(ii) Inventory

(d) From the following cash flow from operating

Cash sales

Credit sales

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Collection from customers	Rs. 90,000
Cash purchases	Rs. 50,000
Credit purchases	Rs. 1,20,000
Cash paid to suppliers	Rs. 60,000
Commission received	Rs. 2,000
Commission accrued	Rs. 1,000
Office expenses paid	Rs. 8,000
Office expenses outstanding	Rs. 500
Out of total salary of Rs. 6,000, salary paid in cash Rs. 2,000 and balance remains outstanding.	
Income tax paid	Rs. 400
Donation paid	Rs. 100

Or

Distinguish between Funds flow Statement and Cash flow Statement.

(e) What are the objectives of corporate financial reporting ?

Or

Write a brief note on the contents of Annual Report of a joint stock company.

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(4)

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4. Why is Financial Statement the various qualitative features of Statement.

Or

What is meant by accounting the qualitative features of

5. "Corporate financial reporting supply information useful for making decisions." Explain

Or

What is corporate financial reporting brief the contents of Board

6. With the help of the following complete the Balance Sheet

Annual sales

Sales to Net Worth

Current Debt to Net Worth

Total Debt to Net Worth

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(5)

Current Ratio	2.2 times
Sales to Inventory	8 times
Average collection period	40 days
Fixed Assets to Net Worth	70%
	10

Or

State the different types of financial analysis and discuss the limitations of analysis and interpretation of financial statements. 5+5=10

7. Prepare a Fund Flow Statement from the following data :

Particulars	2016-17 (Rs.)	2017-18 (Rs.)
(i) Equity and Liabilities :		
Shareholders' Fund :		
Equity share capital	5,00,000	5,30,000
Reserve and Surplus :		
Statement of profit and loss (surplus)	2,80,000	3,70,000

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(6)

Particulars

Non-current Liabilities :

 Long term-Debts

Current Liabilities :

 Accounts payable

 Accumulated

 Depreciation

(ii) Assets :

 Non-current Assets :

 Fixed Assets

 Current Assets :

 Inventories

 Accounts Receivable

 Cash and cash
 equivalent

 Other Assets

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(7)

Additional information :

- (a) Fixed assets (original cost Rs. 40,000, accumulated depreciation Rs. 15,000) were sold for Rs. 10,000.
- (b) Depreciation for the year 2017-18 amounted to Rs. 55,000 duly charged to Statement of Profit and Loss. 10

Or

What is the purpose of preparing a Cash flow Statement ? How is it prepared ? Explain.

3+7=10