

AFS02

30/4/14

Roll No. Analysis of Financial Statement
Total No. of Questions : 7
Duration (hrs.) : 3
Section, if any : Nil

Total No. of Printed Pages:
Maximum Marks : 60

**Note: Question No 1 is compulsory.
Attempt any 4 questions from Question no 2 to 7.
Enumerate your answers with suitable examples.**

1. Case Study – (Marks 20)

Ruby's Shoes CC

Ruby's Shoes sells shoes and footwear through a shop in a shopping mall. They are incorporated as a close corporation and have been trading for 8 years. The accountant has compiled the annual financial statements, which contains the following balance sheet.

Ruby's Shoes CC

Balance Sheet as at 28 February 2003

	<u>Rs</u>
Capital Employed	
Share Capital	100
Loan Account: Ruby Tuesday	24,400
	<hr/> 24,500
Long-Term Liabilities	
Financial Agreement on Motor Vehicle	25,000
	<hr/> 50,500
Total Capital Employed	
<hr/>	
Employment Of Capital	
Fixed Assets	
Furniture & Fittings	10,000
Motor Vehicles	40,000
<hr/>	
Current Assets	
Cash	3,500
Debtors	2,000
	<hr/> 1,500
<hr/>	
Current Liabilities	
Creditors	3,000
	<hr/> 3,000
Net Current Assets	500
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Total Employment of Capital	<hr/> 50,500 <hr/>

Question.

Analyze the equity of Ruby's Shoes, indicating what Ruby's equity comprises?

OR

1. From the following Balance Sheets of Arya Niketan, prepare Cash Flow Statement

Liabilities	31.3.11	31.3.12	Assets	31.3.11	31.3.12
Share Capital	80,000	1,00,000	Machinery (At Cost)	1,20,000	1,44,000
Depreciation Reserve	40,000	43,000	Debtors	40,000	35,000
Profit and Loss Account	30,000	50,000	Stock	30,000	32,000
15% Debentures	40,000	20,000	Preliminary Expenses	4,000	3,000
Creditors	20,000	17,000	Bank Balance	16,000	16,000

2. A. Define the Indian Accounting Standards and US GAAP. Explain the difference between both if them. (5)
- B. What is cash flow statement? Explain its advantages and disadvantages. (5)
3. A. What are the objectives of ratio analysis? (5)
- B. The following information is given about a company

Particulars	Rs.	Particulars	Rs.
Gross Profit	30,000	Net Profit	14,000
Cost of Goods Sold	1,20,000	Net fixed Assets	60,000
Opening Stock	29,000	Non-operating Expenses	9,000
Closing Stock	31,000	Non-operating Income	5,000

From the above information, calculate the following ratios
 Gross Profit Ratio
 Stock Turnover Ratio
 Operating Ratio (Marks 5)

4. A. Explain deferred Tax with example? (5)
- B. Explain Equity Analysis giving example (5)
5. A. Describe the discounted Cash flow technique giving a relevant example. (5)
- B. Describe the different valuation ratios? (5)

6. A. Define Window Dressing. What are the reasons for window dressing? Discuss the methods and advantages of Window dressing. **(10)**

7. Write Short notes on Any Two (10)

- 1) Objectives of Ratio Analysis
- 2) Importance of Economic Environment towards Financial Analysis
- 3) Leverage Ratios
- 4) Presentation of the Balance Sheet.
- 5) Importance of Capital Gearing Ratio