

**Model Question Paper**  
**Financial Statement Analysis - ratio analysis - Part I**

12th Standard

**Accountancy**

Reg.No. : 

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I. Answer all the questions.

II. Use Blue pen only.

III. Question No 21 is compulsory

Time : 01:20:00 Hrs

Total Marks : 120

5 x 1 = 5

**Section-A**

- 1) \_\_\_\_\_ is a mathematical relationship between two items expressed in quantitative form.
- 2) Ratio helps in \_\_\_\_\_ forecasting.
- 3) \_\_\_\_\_ Ratio measures the firm's ability to pay off its current dues.
- 4) \_\_\_\_\_ are those assets which are easily convertible into cash.
- 5) Bank overdraft is an example of \_\_\_\_\_ liability.

**Section-B**

5 x 1 = 5

- 6) All solvency ratios are expressed in terms of  
(a) Proportion (b) Times (c) Percentage
- 7) All activity ratios are expressed in terms of  
(a) Proportion (b) Times (c) Percentage
- 8) All profitability ratios are expressed in terms of  
(a) Proportion (b) Times (c) Percentage
- 9) Liquid liabilities means  
(a) Current liabilities (b) Current liabilities – Bank overdraft (c) Current liabilities + Bank overdraft
- 10) Shareholders funds includes  
(a) Equity share capital, Preference share capital, Reserves & Surplus (b) Loans from banks and financial institutions  
(c) Equity share capital, Preference share capital, Reserves & Surplus and Loans from banks and financial institutions.

**Section-C**

5 x 4 = 20

- 11) What are the significance of financial statement analysis?
- 12) What are profitability ratios?
- 13) What are operating expenses?
- 14) Write notes on operating ratio.
- 15) What are activity ratios?

**Section-D**

5 x 4 = 20

- 16) What are the limitations of financial statement analysis?
- 17) Explain Current Ratio.
- 18) What is the need for calculating Debt – Equity ratio?
- 19) What is debtors turnover ratio?
- 20) From the following information, calculate current ratio and liquid ratio

Cash	Rs. 5,000	Debtors	Rs. 29,000
Bills receivable	Rs. 5,000	Short term investment	Rs. 15,000
Stock	Rs. 52,000	Prepaid expenses	Rs. 2,000
Creditors	Rs. 36,000	Bills payable	Rs. 10,000
Outstanding expenses	Rs. 8,000		

**Section-E**

1 x 12 = 12

- 21) a) From the following, calculate Profitability ratios. Trading & Profit and Loss Account of Ambika & Co for the year ending 31.3.2004 .

Dr.		Cr.	
Particulars	Rs.	Particulars	Rs.
To Opening stock	1,99,000	By Sales	17,00,000
To Purchases	11,19,000	By Closing stock	2,98,000
To Gross Profit	6,80,000		
	19,98,000		19,98,000
To Administration expenses	3,00,000	By Gross Profit	6,80,000
To Selling expenses	60,000	By Interest	18,000
To Finance expenses	30,000		
To Loss on sale of Plant	8,000		
To Net Profit	3,00,000		
	6,98,000		6,98,000

(OR)

- b) From the following Balance sheet, calculate Debtors turnover, creditors turnover, Capital turnover & Fixed asset turnover ratio. Balance Sheet as on 31.3.04

Liabilities	Rs.	Assets	Rs.
Share Capital	4,00,000	Land & Building	3,00,000
Reserves	2,40,000	Plant & Machinery	1,60,000
Creditors	2,60,000	Stock	2,96,000
6% Debentures	60,000	Debtors	1,42,000
		Cash	62,000
	9,60,000		9,60,000

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