

**CLASS: XII ACCOUNTANCY**

**FINANCIAL STATEMENT ANALYSIS**

1. How is financial accounting information communicated to users?
2. What are the financial statements prepared by an entity?
3. Which information is provided by the statement of cash flows?
4. How is Earning per Share (EPS) calculated?
5. To which account in the balance sheet is net Income added?
6. What do you mean by the statement of changes in equity?
7. How movement in owner's equity can be derived?
8. Classify each of the following balance sheet items as either an asset, a liability or equity and as either current or noncurrent:

Inventory Retained earnings

Accounts receivable

Long-term debt

Accrued wages and taxes

Common stock (par value)

Notes payable (bank loans)

Plant and equipment

Marketable securities

Prepaid expenses

9. What is a deferred tax liability and why might one be created?
10. What is a deferred tax asset and why might one be created?
11. Which of the following should be the most appropriate order of current asset in a balance sheet?
  - A) cash, debtor, bank, stock
  - B) Bank, cash, stock, debtor
  - C) Stock, bank, cash, debtor
  - D) Cash, bank, debtor, stock

12. What is the Expanded Accounting Formula?

13. Give any two examples of capital commitments of a company.

14. How is 'Earning capacity of a business' assessed by 'Financial Statement Analysis'?

15. State the interest of the following internal/external users of 'Financial Statement'

Lenders	Banks
Creditors	Investors
Top Management	Tax authorities

16. State few items under the main head 'Fixed Assets' and sub head 'Capital work in progress'.

17. State few items under the main head 'Fixed Assets' and sub head 'Intangible assets under development'.

18. Ankit Ltd. was registered with an authorized capital of Rs. 1,20,00,000 divided into 1,20,000 Equity Shares of Rs. 100 each. The company issued 6,000 Equity Shares as fully paid to the vendors for purchase of building and 50,000 Equity Shares were subscribed for by the public. All the calls were made and were duly received except the second and final call of Rs. 20 per share on 700 shares. 300 shares were forfeited by the Board of Directors. Show how "Share Capital" will appear in the Balance Sheet of the company. Also prepare 'Notes to Accounts' for the same.

19. Venus Ltd. has the following balances in Reserves and Surplus:

Debenture Redemption Reserve	4,00,000
General Reserve	2,00,000
Surplus, i.e. Balance in the statement of Profit and Loss	6,00,000

During the year, the company earned a profit of Rs. 3,00,000. It was decided to appropriate Rs. 1,20,000 towards Debentures Redemption Reserve and Rs. 80,000 towards General Reserve. Show how it will be shown in the Notes to Accounts in Reserve and Surplus.

20. What is the difference between Liability and Provision?

21. Classify "Trade Receivables" given below as Non Current Assets and Current Assets.

Particulars	Operating Cycle (in months)	Expected period of realization (in months)
Trade Receivables	7	5
Trade Receivables	11	12

Trade Receivables	10	17
Trade Receivables	18	15
Trade Receivables	20	23

22. Under which main heads and sub-heads of Equity and Liabilities part of the Balance Sheet as per schedule III of a company are the following items shown:

- (a) Capital Redemption Reserve
- (b) Public Deposits
- (c) Provision for Employees Benefits
- (d) Proposed Dividends
- (e) Loan repayable on demands
- (f) Interest accrued but not due on borrowings

23. Which information is provided by the statement of comprehensive income?

**24 Name the tools for dynamic and static analysis .**

**25 How is a Company's balance sheet different from that of a Partnership firm?**

26 Under what head and sub-heads the following item will appear in the balanced sheet of a company as per Revised Schedule VI, Part –I of the Companies Act , 1956 .

- i) Tax reserve
- ii) Stores and spares
- iii) Encashment of employees earned leave payable on retirement
- iv) Vehicles

27 What do you understand by share option outstanding account?

28 How share application money pending allotment would appear in the companies balance sheet?

29 What do you mean by the term deferred tax ?