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CLASS - XII ACCOUNTANCY

ACCOUNTING RATIOS AND CASH FLOW STATEMENTS

- 1) What is meant by Ratio Analysis?
- 2) Is ratio analysis capable of indicating the true efficiency of the business? Explain?
- 3) State the limitations of Ratio Analysis regarding qualitative aspect.
- 4) What is ideal Quick Ratio?
- 5) What does Proprietary Ratio indicate?
- 6) What does a low Proprietary Ratio mean?
- 7) What is Operating Profit?
- 8) Why Liquidity Ratio is considered to be more dependable than Current Ratio?
- 9) Can a single ratio tell us something significant?
- 10) What are the implications of high and low Inventory or Stock Turnover Ratio?
- 11) How the solvency of a business is assessed by Financial Statement Analysis?
- 12) Quick Ratio of a company is 1.5:1. State by giving reason, whether the ratio will improve, decline or not change on payment of dividend by the company.
- 13) Out of Current Ratio and Liquid Ratio, which ratio is better indicator of liquidity Position of a firm?
- 14) State two items which are not included in Current Assets to compute Current Ratio?
- 15) Current Ratio of a company is 2:1. State with reason, whether the sale of goods Rs 11,000 (cost Rs 10,000) would improve, reduce or not change the ratio.
- 16) Assuming that the Current Ratio is 2:1. State giving reason whether the ratio will improve, decline or will not change in case a Bill Receivable is dishonored.
- 17) What will be the Operating Profit Ratio, if Operating Ratio is 88.94%?
- 18) How does ratio analysis become less effective due to price level changes?
- 19) Why liquidity ratio is more trustworthy than current ratio? Explain.
- 20) What is Net Worth?
- 21) What is Gross block?
- 22) How are non -cash items dealt in Cash Flow Statement?
- 23) State why Cash Flow Statement is not a substitute for Income Statement.
- 24) Under which type of activity will you classify 'Commission and Royalty Received' while preparing Cash Flow Statement?
- 25) Give an example of an activity which remains financing activity for every enterprise.
- 26) Under which type of activity will you classify 'Refund of Tax Received' while preparing Cash Flow Statement?
- 27) H Ltd., a mutual fund company invested Rs 5,00,000 in shares of P Ltd. It received dividend of Rs 45,000 during the year. How will it be depicted in the Cash Flow Statement?
- 28) Mention two items which reduce the profit of the business but cash does not Pass outside the business.
- 29) Explain the treatment of tax when there is provision for taxation account.
- 30) Describe "Direct" and "Indirect" Method of ascertaining Cash Flow from Operating Activities.