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DMI-ST. EUGENE UNIVERSITY

ZAMBIA

DEGREE EXAMINATION – DECEMBER 2024

Semester: VIII

551AC032 COST AND FINANCIAL ANALYSIS

Time: 3:00 Hours

Max. Marks: 100

Answer any FIVE Questions (5 x 20 = 100 Marks)

1. a) Define financial statement analysis? Discuss the objectives of financial statement analysis? **(10 Marks)**
- b) Explain the Limitations of financial statements? **(10 Marks)**
2. a) From the following balance sheet prepare a schedule of changes in working capital. **(10 Marks)**

Liabilities	2010 K	2011 K	Assets	2010 K	2011 K
Share capital	3,00,000	3,75,000	Machinery	70,000	1,00,000
creditors	1,06,000	70,000	Stock in trade	1,21,000	1,36,000
profit & Loss	14,000	31,000	Debtors	1,81,000	1,70,000
			cash	48,000	70,000
	4,20,000	4,76,000		4,20,000	4,76,000

- b) You are the financial Manager of XYZ company and you need to prepare a sales forecast for the next year. The company's historical sales data for the last five years are as follows. **(10 Marks)**

Year	Sales
1	5,00000
2	5,50,000
3	6,00,000
4	6,50,000
5	7,00,000

3. a) Explain the treatment of the following items. **(10 Marks)**
- i. provision for Taxation
 - ii. proposed Dividends
 - iii. Investments
 - iv. Depreciation
- b) Distinguish between cashflow and fund flow statement. **(10 Marks)**
4. a) State the Advantage and Disadvantage of standard costing. **(10 Marks)**
- b) Define variance? Explain the following variance. **(10 Marks)**
- i) Material variance
 - ii) Labour variance
5. a) Explain the following with examples: **(10 Marks)**
- i. Comparative financial statements
 - ii. Common size financial statements
- b) Calculate the trend percentages from the following figures taking 2013 as the base and interpret them. **(10 Marks)**

year	sales	stock	Profit before tax
2013	1,881	709	321
2014	2,340	781	435
2015	2,655	816	458
2016	3,021	944	527
2017	3,768	1,154	672

6. a) Explain the financial statement analysis. **(10 Marks)**
- b) Enumerate the qualitative characteristics of financial statements. **(10 Marks)**
7. a) From the following data relating to the purchase of a firm, prepare trend percentages. **(10 Marks)**

year	Purchases
2002	1,672
2003	1,789
2004	1,873
2005	1,923
2006	2,123
2007	1,463

- b) From the following data relating to the assets side of the balance sheet of ABC ltd, for the period 31st Dec 2010 to 31st Dec 2013 you are required to calculate the trend percentages taking 2010 as the base year. **(10 Marks)**

Assets	2010	2011	2012	2013
Cash	100	120	80	140
Debtors	200	250	325	400
Stock in trade	300	400	350	500
Current assets	50	75	125	150
Land	400	500	500	500
Building	800	1000	1200	1500
plant	1000	1000	1200	1500
Total	2850	3345	3780	4690