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DMI-ST. EUGENE UNIVERSITY

ZAMBIA

DEGREE EXAMINATION – DECEMBER 2023

Semester: VIII 551 CO032 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) Explain the procedure for preparing the fund flow statement. **(10 Marks)**
- b) From the following balance sheet prepare a schedule of changes in working capital.

Liabilities	2010 K	2011 K	Assets	2010 K	2011 K
Share capital	80,000	90,000	Machinery	24,000	34,000
creditors	9,000	5,000	Stock in trade		
profit & Loss	14,500	24,500	Debtors	9,000	7,000
			Building	20,500	28,500
				50,000	50,000
	103,500	119,500		103,500	119,500

3. a) Explain the importance of financial Analysis. **(10 Marks)**
- b) Explain the difference between cash flow and fund flow statement. **(10 Marks)**
4. a) Enumerate the limitations of standard costing. **(10 Marks)**
- b) State the uses of Financial Analysis. **(10 Marks)**

5. a) Describe the comparative financial statement analysis. **(10 Marks)**
 b) Explain the limitations of trend analysis. **(10 Marks)**
6. a) Discuss the analysis and interpretation of financial statements. **(10 Marks)**
 b) Calculate the trend percentages from the following figures taking 2013 as the base and interpret them.

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

- (10 Marks)**
7. a) Explain the procedure for preparing the fund flow statement. **(10 Marks)**
 b) From the following balance sheets prepare fund flow statement.

Liabilities	2003 K	2004K	Assets	2003 k	2004k
Share Capital	300,000	400,000	Machinery	50,000	60,000
Creditors	100,000	70,000	Furniture	10,000	15,000
Profit & Loss a/c	15,000	30,000	Stock -in-trade	85,000	105,000
			Debtors	160,000	150,000
			Cash	110,000	170,000
	415,000	500,000		415,000	500,000

(10 Marks)