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**6 SEM TDC FSA 2 (Sp) (N/O)**

**2 0 1 7**

( May )

**COMMERCE**

( Speciality )

Course : 602

**( Financial Statement Analysis )**

Time : 3 hours

*The figures in the margin indicate full marks  
for the questions*

( New Course )

Full Marks : 80

Pass Marks : 24

1. (a) State whether the following statements are True or False : 1×5=5
- (i) Financial statements disclose only monetary facts.
  - (ii) The figures shown in financial statements are on historical cost basis.
  - (iii) Current Ratio is calculated to compare current assets and fixed assets.



- (iv) A decrease in Stock Turnover Ratio indicates that business is becoming more efficient.
- (v) Corporate social responsibility reporting is not mandatory for any business in India.
- (b) Fill in the blanks with appropriate word(s) :  $1 \times 5 = 5$
- (i) Profit or Loss of Life Insurance business is determined by preparing — (Revenue Account/ Valuation Balance Sheet).
- (ii) A Banking Company incorporated in India shall have to transfer a sum equal to — (20%/30%) of profit to a Statutory Reserve.
- (iii) According to RBI Guidelines a Provision of — (20%/30%) is required for any advance remains doubtful up to one year.
- (iv) Common Size Statement Analysis is known as — (Vertical Analysis/ Horizontal Analysis).
- (v) Compliance of Corporate Governance was made mandatory by SEBI as listing requirement vide — (Clause 49/Clause 32).

( Continued )

2. Write short notes on the following (any four) :  $4 \times 4 = 16$
- (a) Economic Value Added Statement
- (b) Profitability Ratio
- (c) Corporate Governance Reporting
- (d) Valuation of Investment of NBFCs
- (e) Activity Ratio
- (f) Trend Analysis
3. (a) What do you mean by Financial Statement? Explain the nature and objectives of Financial Statement.  $4 + 10 = 14$
- Or
- (b) What is Financial Statement Analysis? Explain the various techniques of analysis of Financial Statement.  $4 + 10 = 14$
4. (a) "Ratio analysis is considered better than mere comparison of figures in carrying out overall appraisal of business." Explain how ratio analysis is better tool for appraisal. 13



Or

(b) Debtors' Velocity—3 months

Creditors' Velocity—2 months

Stock Velocity—8 times

Fixed Assets Turnover Ratio—8 times

Gross Profit Ratio—25%

Gross Profit in the year amounted to ₹ 80,000. There is no long-term Loan and Bank Overdraft. Reserve and Surplus amounted to ₹ 28,000. Liquid Assets are ₹ 97,333. Closing Stock is ₹ 2,000 more than Opening Stock. Bills Receivable and Payable are ₹ 5000 and ₹ 2,000 respectively.

Find out (i) Sales; (ii) Sundry Debtors; (iii) Closing Stock; (iv) Sundry Creditors; (v) Fixed Assets; and (vi) Proprietor's Fund.

Also prepare Balance Sheet with as many details as possible.

9+4=13

5. (a) What do you mean by financial reporting? State the various steps adopted by business to enhance transparency in financing reporting process.

6+7=13

Or

(b) What is corporate social responsibility reporting? Explain the present legal provisions of corporate social responsibility and its reporting practices in India.

4+9=13

6. (a) Discuss the important provisions need to be taken into consideration for financial reporting of Insurance Companies in India and also state disclosures requirement of their financial statements as per IRDA regulations.

7+7=14

Or

(b) Discuss the suggestions made by RBI's Advisory Group on Accounting and Auditing in Financial Reporting of Banks and Financial Institutions.

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