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Total No. of Printed Pages—9

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

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(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 are the end product of financial accounting process.

   (ii) Liquidity ratios indicate the firms ability to pay its current liability.

   (iii) Financial statements also disclose such facts which are not recorded in accounting books.

(iv) IFRS-4 is associated with insurance contracts.

(v) Corporate social responsibility reporting is not mandatory for any business in India.

(b) Fill in the blanks with appropriate word(s) : 1×3=3

(i) Financial statement analysis helps to measure ____ (operating efficiency/management efficiency/employees efficiency).

(ii) Quick assets are current assets less ____ and ____ expenses (stock, prepaid/debtor, outstanding/ bank overdraft, prepaid).

(iii) Compliance of Corporate Governance was made mandatory by SEBI as listing requirement vide ____ (Clause 49 / Clause 32).

2. Write short notes on the following (any *four*) : 4×4=16

(a) Objectives of financial statement analysis

(b) Common size statements

(c) Liquid ratio

(d) Corporate Financial Reporting

(e) RBI guidelines regarding financial reportings by banks

(f) Trend Analysis

3. (a) What are the constituents of Financial Statements? Give a brief note on each of them. 14

Or

(b) What are the different techniques used for the analysis and interpretation of Financial Statements? Explain in brief. 14

4. (a) The following informations are available for a firm : 14

Gross Profit Ratio—25%

Net Profit/Sales—20%

Stock Turnover—10

Net Profit/Capital—1/5

Capital/Total Liabilities—1/2

Fixed Assets/Capital—5/4

Fixed Assets/Current Assets—5/7

Fixed Assets—₹ 10,00,000

Closing Stock—₹ 10,00,000

Find out :

(i) Cost of Sales

(ii) Gross Profit

(iii) Net Profit

(iv) Current Assets

(v) Capital

(vi) Total Liabilities

(vii) Opening Stocks

Or

(b) "As a technique of financial analysis, ratios must be used with great precautions." In the light of the above statement, critically examine the importance of ratios and their limitations. 14

5. *(a)* Discuss the current status of Corporate Governance Reporting in India. How does Corporate Governance Reporting differ from Corporate Financial Reporting? 7+7=14

Or

(b) Give a brief note on mandatory and voluntary disclosures on Corporate Social Responsibility Reporting. 14

6. *(a)* Explain the recommendations of the report of the advisory groups on accounting and auditing setup by Reserve Bank of India. Distinguish between Financial Reporting by banks and NBFC. 8+6=14

Or

(b) Discuss the IRDA guidelines regarding the Financial Reporting of Insurance Companies in India. 14