

6 SEM TDC FSA 2 (Sp)

2 0 1 5

(May)

COMMERCE

(Speciality)

Course : 602

(Financial Statement Analysis)

Full Marks : 80

Pass Marks : 32

Time : 3 hours

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

1. (a) Fill in the blanks with appropriate
word(s) : 1×5=5

(i) Financial Statement Analysis helps
to measure _____ (operating
efficiency / management efficiency
/ employees' efficiency).

(ii) GAAP stands for _____.

(iii) Reporting of Corporate Governance reflects _____ (company management / earning status / socio-economic status).

(iv) The Institute of Chartered Accountants of India (ICAI) has decided to adopt IFRS in India from _____ (2011 / 2012 / 2013).

(v) According to IFRS, banking companies are to adopt _____ (Fair Value Accounting / Historical Value Accounting).

(b) State whether the following statements are True or False : 1×3=3

(i) Financial Statement Analysis is an important means of assessing past performance and planning future performance.

(ii) The new name for standards issued by the IASB is International Financial Reporting Standards (IFRS).

(iii) Higher the price earning ratio, better it is, as it indicates growth of the company.

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

- (a) Comparative Statement
- (b) Significance of Solvency Ratio
- (c) Reporting of Corporate Governance
- (d) RBI Guidelines regarding Financial Reporting of Banks
- (e) Activity Ratio
- (f) Value-added Statement

3. (a) What is meant by Analysis of Financial Statement? How and in what way prospective investors are benefited through such analysis? 4+7=11

Or

(b) Discuss different types of Financial Statement.

4. (a) From the following Balance Sheet of Assam Co. Ltd. as on 30th June, 2014, calculate the following : 3×4=12

- (i) Debt to Equity Ratio
- (ii) Current Ratio
- (iii) Quick Ratio
- (iv) Working Capital Turnover Ratio

*Balance Sheet of Assam Co. Ltd.
as on 30th June, 2014*

<i>Liabilities</i>	₹	<i>Assets</i>	₹
Equity Share	28,000	Goodwill	13,600
Capital Reserve	5,600	Fixed Assets	39,200
12% Loan	22,400	Stock	8,400
Creditors	11,200	Debtors	8,400
Bank Overdraft	2,800	Short-term	
Provision for Taxation	5,600	Investment	4,800
Profit & Loss A/c	8,400	Cash in Hand	4,800
		Underwriting	
		Commission	4,800
	<u>84,000</u>		<u>84,000</u>

Additional Information :

Sales—₹ 25,200

Or

- (b) What are the categories under which various ratios are grouped? What purposes are served by profitability ratios? $6+6=12$

5. (a) Define Financial Reporting. Discuss the qualitative characteristics which make Financial Reporting more useful for its users. $4+7=11$

Or

- (b) What do you mean by 'social benefits' and 'social costs'? What suggestions would you give to improve the disclosure practices in reporting of corporate social responsibility? $(4+4)+3=11$

6. (a) Discuss the purpose underlying the issue of an Accounting Standard. How has Global Accounting Standards (IFRS) affected Indian GAAP? $7+4=11$

Or

- (b) What do you mean by International Financial Reporting Standard (IFRS)? Describe the role played by the ICAI in convergence of Indian GAAP with IFRS. $5+6=11$

7. (a) Discuss the suggestions made by RBI's Advisory Group on Accounting and Auditing in Financial Reporting of Banks and FIs. 11

Or

(b) Explain the following : 6+5=11

(i) IFRS-4

(ii) Financial Reporting of NBFC as per RBI's Guidelines

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