

(8)

6. (a) Discuss the purposes underlying the issue of accounting standard. How the Global Accounting Standard (IFRS) affected Indian GAAP? 7+4=11

Or

- (b) Discuss briefly the various International Financial Reporting Standards (IFRS) formulated by IASB. 11

7. (a) Define Banking Company. Mention the essential features of Banking Company. Write the important provisions of Banking Regulation Act, 1949. 3+3+5=11

Or

- (b) Discuss the important provisions need to be taken into consideration for financial reporting of NBFCs. 11

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

2020

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 : 1×4=4
- (i) Fund flow and Cash flow statements are the part of Financial Statement.
- (ii) Return on Capital Employed measures profit earning capacity of an enterprise.

(2)

- (iii) The Corporate Governance rules were notified on March 25, 2014 under Companies Act, 2013.
- (iv) According to IFRS, Banking Companies are to adopt Historical Value Accounting.
- (b) Fill in the blanks with appropriate word(s) : $1 \times 4 = 4$
- (i) $EVA = \frac{\text{Operating Profit} / \text{Sales} / \text{Direct Incomes}}{\text{WACC}} - \text{Taxes Paid} - (\text{Capital Employed} \times \text{WACC})$
- (ii) Rule of thumb for acid-test ratio is _____.
(1 : 1 / 2 : 1 / 2 : 2)
- (iii) The GRI first released its sustainability reporting guidelines in _____.
(1998 / 1999 / 2005)
- (iv) As per the IRDA regulations, 2002, all the _____ companies shall comply with the requirements of Schedule A while preparing their financial statements.
(general insurance / life insurance / general and life insurance)

(3)

2. Write short notes on any four of the following : $4 \times 4 = 16$
- (a) Value Added Statement (VAS)
- (b) Leverage Ratios
- (c) Harmonization of Corporate Reporting
- (d) Provisions of IFRS-4 : Insurance Contract
- (e) Demand and Time Liability (DTL)
3. (a) "Financial Statement reflects a combination of recorded facts, accounting conventions and personal judgements." Discuss. 14

Or

- (b) Following are the Income Statements of a company for the years ending March 31, 2018 and 2019 :

Particulars	2018 (₹ in '000)	2019 (₹ in '000)
Sales	500	700
Miscellaneous Income	20	15
	<u>520</u>	<u>715</u>
<i>Expenses</i>		
Cost of Sales	325	510
Office Expenses	20	25
Selling Expenses	30	45
Interest	25	30
	<u>400</u>	<u>610</u>
Net Profit	120	105
	<u>520</u>	<u>715</u>

Prepare a common-size income statement and interpret them. $7+7=14$

4. (a) "Return on Investment is considered to be the master ratio which reflects the overall performance of the company." Elucidate and show by examples how various managerial decisions affect Returns on Investment (RoI). 14

Or

(b) What relationship would you examine to study the following? 5+5+4=14

(i) The Capital Structure

(ii) The liquidity

(iii) The earning power of a business unit

5. (a) What should be the objectives of financial reporting by business enterprises? Distinguish between Financial Reporting and Financial Statement. 7+7=14

Or

(b) "Corporate Social Responsibility Reporting is often called the triple bottom line approach—sustainability in environment, social community and business." Discuss. 14

6. (a) Discuss the impact of IFRS on Indian Banking Companies. 14

Or

(b) Discuss the important provisions need to be taken into consideration for financial reporting of insurance companies. 14

(Old Course)

Full Marks : 80

Pass Marks : 32

1. (a) State whether the following statements are True or False : 1×5=5

(i) The term 'Financial Analysis' includes both 'analysis' and 'interpretation'.

(ii) Net worth includes working capital.

(iii) High stock velocity indicates efficient management of inventory.

(iv) OCED stands for Organization for Economic Cooperation and Development.

(v) Liquidity of companies improves with increase in cash purchases.

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

(i) IFRS-10 is associated with _____
(financial instruments /
consolidated financial statement /
fair value management)

(ii) Section _____ deals with the definition of banking business.

[6(i) / 5(i)(b) / 7]

(iii) Inventory is part of _____.
(current liabilities / fixed assets / liquid assets)

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

- (a) Economic Value Added Statement
- (b) Global Reporting Initiative (GRI)
- (c) Financial Accounting Standards Board (FASB)
- (d) Statutory Liquidity Ratio (SLR)
- (e) IRDA
- (f) Segment Reporting

3. (a) "Analysis without interpretation is meaningless and interpretation without analysis is impossible." Discuss. 11

Or

(b) State the different types of financial analysis. Write the limitations of analysis and interpretation of financial statement. 6+5=11

4. (a) What are the important profitability ratios? How are they worked out? 4+8=12

Or

(b) (i) Discuss the significance of ratio analysis. 6

(ii) The following are the information collected from the final accounts of a firm :

	₹
Total Purchases	10,00,000
Cash Purchases	2,00,000
Purchases Returns	60,000
Creditors at the end	1,60,000
Bills Payable at the end	40,000

You are required to calculate the following : 3+3=6

- (1) Creditors turnover ratio
- (2) Average payment period

5. (a) What is triple bottom line (TBL) reporting? Discuss its characteristics and benefits. 4+3+4=11

Or

(b) (i) "Financial reporting is a mandatory requirement in the annual report of a company." Discuss. 6

(ii) Discuss the major qualitative characteristics of financial reporting. 5