

**OLD**

**2018**

**M.Com. 4th Semester Examination**

**FINANCIAL STATEMENT ANALYSIS**

**PAPER—COM-404**

**Subject Code—03**

*Full Marks : 50*

*Time : 2 Hours*

*The figures in the margin indicate full marks.*

*Candidates are required to give their answers in their own words as far as practicable.*

*Illustrate the answers wherever necessary.*

**Unit - I**

(Marks : 20)

**1. Answer any two questions from the following :** 2×5

(a) What are the objectives of maintaining receivable. Explain the various costs of maintaining receivables in a firm.

2+3

(b) Briefly discuss the concept of Market Value Added (MVA).

5

*(Turn Over)*

(c) What are the objectives of Cash Flow Statement Analysis ? Distinguish between a Cash Book and a Cash Flow Statement. 2+3

(d) As ratios are insensitive as to negative numbers, mechanical calculation and interpretation may give wrong signals. — Discuss the statement with an example. 5

2. Answer any *one* question from the following : 1×10

(a) (i) The standard ratios for the industry and the ratios of Xenos Ltd. are given below. Indicate the strength and weakness of the firm.

	Industry Standard	Xenos Ltd
Current Ratio	2.4	2.67
Debtors Turnover Ratio	8.0	10.0
Stock Turnover Ratio	9.8	3.33
Assets Turnover Ratio	2.0	1.43
Net Profit Ratio	3.3%	2.1%
Net Profit on Total Assets Ratio	6.6%	3.0%
Net Profit on Net Worth	10.7%	4.8%
Total Debts on Total Assets	63.5%	37.7%

(ii) Discuss the limitations of Ratio Analysis. 7+3

(b) From the Balance Sheet of Ghosh and Brothers Company Ltd. as on March 31, 2017 and 2018 and other information presented below prepare a cash flow statement for the year ended 31st March, 2018.

	2016-17	2017-18
	<i>(Rs. in thousands)</i>	<i>(Rs. in thousands)</i>
<b>Assets :</b>		
Cash	10,000	5,000
Bills Receivable	5,000	7,000
Debtors	30,000	40,000
Stock-in-trade	15,000	20,000
Plant and Machinery	45,000	69,000
Land and Building	80,000	95,500
	<u>1,85,000</u>	<u>2,36,500</u>
<b>Liabilities :</b>		
Equity Capital	1,00,000	1,30,000
Creditors	17,000	17,000
Outstanding liabilities		
for wages	1,000	1,500
Bills Payable	7,000	8,000
Bank Overdraft	60,000	80,000
	<u>1,85,000</u>	<u>2,36,500</u>

**Additional Information :**

- (i) Net profit earned for the year 2017-18 Rs. 40,000 ;
- (ii) Plant and Machinery purchased in the earlier years for Rs. 10,000 was sold for Rs. 7,000 in the year 2017-18. Up to the point of sales of the machinery, depreciation was charged for Rs. 2,000. Accumulated balance of depreciation on plant and machinery on 31st March, 2017 and 31st March, 2018 were Rs. 15,000 and Rs. 20,000 respectively ;
- (iii) No depreciation was charged on land and building. 10

**Unit - II**

(Marks : 20)

3. Answer any *two* of the following questions : 2×5
- (a) What Is IFRS ? List up the latest six IFRSs issued by the IASB. 2+3
- (b) What do you understand by 'social costs' and 'social benefits' in the context of corporate social accounting ? Mention some major heads of activities where corporate can discharge its social responsibility. 2+3

- (c) State the benefits to a corporate for its social accounting and reporting. 5
- (d) Write brief notes on :
- (i) International Financial Reporting Interpretations Committee (IFRIC)
  - (ii) Standards Interpretations Committee (SIC).  
2½+2½
4. Answer any *one* of the following questions : 1×10
- (a) State the important provisions of Ind AS -2 regarding valuation of Inventories. State the information that is required to be disclosed in the financial statement regarding inventories. 6+4
- (b) What is 'operating segment'? On what conditions an operating segment can be considered as reportable segment? State the disclosures that are required for segment reporting as per Ind AS 108. 2+3+5

**[Internal Assessment — 10 marks]**