



বিদ্যাসাগর বিশ্ববিদ্যালয়

VIDYASAGAR UNIVERSITY

M.Com. Examinations 2020

Semester IV

Subject: COMMERCE

Paper: COM 404 (AF)

Financial Statement Analysis

(Theory)

Full Marks: 40

Time: 2hrs.

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

Answer any one question from the following.

1. What are the objectives of maintaining receivables? Briefly discuss the important decision making areas to determine a credit policy.
2. "A Cash Flow Statement is a better substitute of Income Statement"- Discuss critically.
3. There can be no such ratio which may be treated as 'ideal' for the firms belong in different industries. – Explain.
4. What is Du Pont analysis of a firm? Explain and enumerate the elements of this analysis.
5. The standard ratios for the industry and the ratios of Khan & Brothers Trading Limited are given bellow. Indicate the strengths and weaknesses of the firm.

	Industry Standard	Khan & Brothers Trading Limited
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 %

6. Star Limited specialized in the manufacture of a computer component. The component is currently sold for Rs. 1,000 and its variable cost is Rs. 800. For the year ended 31.12.2019 the company sold on an average 400 components per month.

At present the company grants one month credit to its customers. The company is thinking to extend the same to two months on account of which the following is expected:

Increase in sales	25%
Increase in stock	Rs. 2, 00, 000
Increase in creditors	Rs. 1, 00, 000
Increase in collection expenses	Rs. 10,000
Additional bad debts	1%

You are required to advise the company on whether or not to extend the credit terms.

Assume all the sales made on credit.

7. What is international accounting standards board (IASB)? What are its objectives? What are the main differences of IASB and its predecessor IASC?
8. What is operating segment? Write down the criterion of aggregation of two or more segments into a single operating segment. State the conditions when an operating segment will be called a reportable segment.
9. What is global reporting initiative (GRI)? What are its objectives? Make a difference between economic cost-benefit analysis (ECBA) and social cost- benefit analysis (SCBA).
10. Write brief notes on: a) Economic Value Added (EVA) b) Market Value Added (MVA)
11. State briefly the disclosures required to be made for Segment Reporting in accordance with Ind AS 108.
12. Briefly mention about the different categories of awards conferred to the Indian corporate for their CSR spending.