

2018

M. Com.

4th Semester Examination

Financial Statement Analysis

PAPER – COM – 404

Full Marks : 50

Time : 2 Hours

Use separate sheet for each Unit

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

UNIT – I

- 1. Answer any two questions of the following: 5 X 2**
- a) State the main contents of Financial Statements. Write briefly the purposes of preparing financial statement. 3+2
- b) A Firm has credit sales amounting to Rs. 3200000/- p.a.. The sales price per unit is Rs. 40/-, the variable cost per unit is Rs. 25/- while the average total cost per unit is Rs. 32/-. The average age of the debtors is 72 days.

The firm is considering for tightening the credit standards and wants to reduce the average age of the debtors to 45 days. It will result in a fall in the sales volume to Rs. 2800000/-

Assume that the rate of return of the firm as 20%, evaluate whether the proposal under consideration is feasible?

(Turn over)

- c) From the following information of Y Ltd. calculate the Cash Flows from Operating Activities for the year ended 31.03.2018

Cash in Flows	Amount (Rs.)	Cash Out Flows	Amount (Rs.)
Opening Balance	50000	Paid to supplier	2000000
Issue of Eq. Share	300000	Fixed asset	200000
Received from customer	2800000	Overhead expenses	200000
Share of Fixed asset	100000	Wages & salaries	100000
		Tax paid	250000
		Dividend	50000
		Bank loan paid	300000
		Closing balance	150000
Total	3250000	Total	3250000

- d) What do you mean by ratio analysis and explain the Capital Gearing Ratio and Operating Ratio? 3+1+1

2. Answer any one questions of the following: 10 X 1

- a) (i) What do you mean by Common Size Balance Sheet? How can it be used for judging the financial position of a Firm?
(ii) What is Liquidity Ratio? Name the Ratios that are use for judging the Short Term Liquidity of the Firm and explain one of them. 2+2+1+2+3
- b) From the following balance sheet give comment on the Liquidity Position, Solvency Position and Profitability Position of the Company

Liabilities	Amount (Rs.)	Assets	Amount (Rs.)
6% Pref. Sh. Cap.	150000	Goodwill	20000
Eq. Sh. Cap.	250000	Land & Build.	250000
Reserve	20000	Machinery	175000
Profit & Loss	15000	Furniture	10000
5% Debenture	100000	Stock	90000
Creditors	28000	Debtors	21000
B/P	12000	Preliminary Exp.	4000
Total	575000	Total	575000

UNIT – II

3. Answer any two questions of the following: 5 X 2

- a) What do you understand by Harmonization of Accounting Standard? How would IFRS act on such harmonization? 3+2
- b) Write the full form of the acronyms of IFRS, IASB, FASB, IAS, IFRIC, SIC, IASC, ASB, CSR, MVA.
- c) Give a note on Corporate Segment Reporting.
- d) What do you mean by MVA and how you can calculate MVA?

4. Answer any one questions of the following: 10 X 1

- a) (i) What is operating segment? When two or more operating segments can be aggregated?
(ii) An entity has the following six operation segments. Identify the segments those be considered as reportable segments. Give your answer as per Indian AS 108

Segment	A	B	C	D	E	F
Profit/ Loss	(500)	3600	(4000)	1200	400	(800)

2+3+5

- b) (i) Clearly explain the need for segment reporting.
(ii) Discuss regarding the disclosures and user groups of segment reporting. 4+6

(Internal Assessment :10 marks)