

**BACHELOR OF COMMERCE [HONS]
SIXTH SEMESTER [SPECIAL REPEAT]
FINANCIAL STATEMENT ANALYSIS
BCM – 604D2**

**SET
A**

[USE OMR SHEET FOR OBJECTIVE PART]

Duration: 3 hrs.

Full Marks: 70

Time: 30 mins.

(Objective)

Marks: 20

Choose the correct answer from the following:

1 × 20 = 20

1. P/L Statement is also known as:
 - a. Statement of earnings
 - b. Statement of Balance Sheet
 - c. Statement of Operation
 - d. Statement of income
2. Financial Statements of a Company includes:
 - a. Balance sheet
 - b. Profit and Loss
 - c. Cash flow Statement
 - d. All of the above
3. Which of the following is not an objective of Financial Statements?
 - a. To show Company's financial Position
 - b. To show Company's operating efficiency
 - c. To determine Income Tax liability
 - d. To the effectiveness of management
4. Current assets are also known as:
 - a. Liquid asset
 - b. Cash
 - c. Building
 - d. Capital
5. Every Auditor has to comply with auditing standards as per sectionof the Companies Act of 2013.
 - a. 143(9)
 - b. 143 (2)
 - c. 144(1)
 - d. 142 (9)
6. How many principles are listed in AS 1?
 - a. 13
 - b. 14
 - c. 9
 - d. 7
7. A duty of an Auditor to verify whether loans and advances have been properly secured or not is referred to as:
 - a. Statutory duties
 - b. Contractual duties
 - c. Certain duties imposed by legal decision
 - d. Duties arising out of Professional etiquettes
8. What is the mandatory rotation period for auditors in listed companies?
 - a. 5 years
 - b. 10 years
 - c. 15 years
 - d. 3 years

9. Common Size Statements express each item as a percentage of:
 - a. Total Liabilities
 - b. Total Equity
 - c. Total revenue
 - d. Total assets
10. Which of the following is not an objective of ratio analysis?
 - a. Assessing Profitability
 - b. Evaluating Liquidity
 - c. Measuring the efficiency of asset utilisation
 - d. Predicting stock prices
11. Return on Assets (ROA) is calculated as:
 - a. Net income divided by total assets
 - b. Net income divided by average total assets
 - c. Total assets divided by net income
 - d. Total assets divided by average net income
12. Limitations of ratio analysis include:
 - a. Reliance on historical data
 - b. Lack of standardisation
 - c. Ignoring qualitative aspects
 - d. All of the above
13. Fund Flow Statement is based on the concept of.....
 - a. Going Concern
 - b. Business Entity
 - c. Accounting period
 - d. Materiality Concept
14. The main purpose of analysing working capital is to:
 - a. Evaluate the Company's long-term solvency
 - b. Assess the Company's profitability
 - c. Determine the Company's ability to meet short term obligations
 - d. Measure the efficiency of assets utilization.
15. Which financial statement is used to prepare the Fund Flow Statement?
 - a. Balance Sheet
 - b. Income Statement
 - c. Cash Flow Statement
 - d. Statement of Retained Earnings
16. Fund Flow Statement is a tool for.....
 - a. Performance Analysis
 - b. Cost Control
 - c. Financial Analysis
 - d. All the above
17. The Company which issues bonds and stocks to raise funds will result to:
 - a. Decrease in cash
 - b. Increase in cash
 - c. Increase in the liability
 - d. Increase in the equity
18. Which of the following is the objective of the cash flow statement?
 - a. Analysis of cash position
 - b. The credit basis of the accounting
 - c. The accrual basis of the accounting
 - d. None of the above

19. The cash flow statement is also called:
- a. The statement for accounting for the variation in cash
 - b. The statement of changes in financial position based on cash
 - c. Both a and b
 - d. None of the above
20. Which of the following come under investing activities in the cash flow?
- a. Sale of Fixed Assets
 - b. The interest that is received
 - c. Dividend received
 - d. All the above

(Descriptive)

Time : 2 Hr. 30 Mins.

Marks : 50

[Answer question no.1 & any four (4) from the rest]

1. Define Financial Statements. Outline the essential characteristics that financial statements should possess. 2+8=10
2. Explain the qualitative requirements of the information incorporated in Financial Statements and also state the limitations of financial statements. 5+5=10
3. What is Corporate Financial Reporting? Explain the needs and objectives of Corporate Financial Reporting. 2+4+4=10
4. Provide a detailed explanation of the report generated by the Board of Directors and Auditors in accordance with the provisions outlined in the Companies Act of 2013. 10
5. a) Prepare the Comparative Statement of Profit & Loss from the following information: 5+5=10

Particulars	31-3-2022	31-3-2023
Revenue from Operations	30,00,000	40,00,000
Purchases of Stock in Trade	19,00,000	20,00,000
Changes in Inventories	(1,00,000)	2,00,000
Other Expenses	1,80,000	1,76,000

- b) From the given information calculate the stock turnover ratio: Revenue from Operation: Rs. 4,00,000; GP: 25% on cost; Opening Stock was 1/3rd of the value of Closing Stock; Closing Stock was 30% of Revenue from operation.
6. Calculate the Gross Profit Ratio from the following information: 10
Cash Revenue from Operation was 1/4th of Total Revenue from Operation; Cash Revenue from Operation was Rs. 2,40,000; Cash Purchase was 20% of Credit Purchase. Cash Purchase was Rs. 80,000. Opening Stock Rs. 60,000; Closing Stock was Rs. 20,000 more than Opening Stock, Carriage Rs. 20,000.
7. Explain the procedure applied in preparation of Fund Flow Statement and a Statement of Changes in working capital. Mention the limitations of Fund Flow Statement. 4+4+2=10
8. Explain the steps involved in preparation of cash flow statement as per Accounting Standard 3 and Indian Accounting Standard 7. 10

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