

29/12/07

B/JI/05
PG CO-XV

POST-GRADUATE COURSE

Term End Examination — December, 2007

M.Com.

FINANCIAL STATEMENT
ANALYSIS AND REPORTING

PAPER XV

Time — 2 hours

Full marks—50

(Weightage of marks—80%)

Special credit will be given for accuracy and relevance in the answer. Marks will be deducted for incorrect spelling, untidy work and illegible handwriting. The weightage for each question has been indicated in the margin.

Group - A

Answer any two questions.

1.(a) What do you mean by financial statement ? What are the sources of financial statement information ?

(b) Compare the modern versus traditional approach to financial statement analysis. (3+6)+6

2.(a) How would you compute gross margin, net margin, operating margin and operating ratio? Explain how these four ratios may be interrelated while assessing the profitability of a firm in relation to its sales ?

(b) What factors determine the growth in equity investments in a firm ? 10+5

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(2)

3. The composition of current assets of AB Ltd. for the year ended 2005 and 2006 are given below :

	Year 2005	Year 2006
	Rs.	Rs.
Current Assets :		
Cash	40,000	30,000
Accounts Receivables	60,000	50,000
Inventories	50,000	80,000
Total Current Assets	<u>1,50,000</u>	<u>1,60,000</u>

It is reported that conversion of inventories into accounts receivables takes on an average 50 days and the conversion of receivables into cash takes 40 days on average, compute the liquidity index of AB Ltd for the years 2005 and 2006 and analyse the liquidity position of the firm. 15

4.(a) Discuss the usefulness of inter-firm comparison. 3

(b) Discuss the pyramid structure of ratios used for inter-firm comparison. 6

(c) Explain the steps to be followed in inter-firm comparison. 6

Group - B

Answer any two questions.

5.(a) What are the different forms of merger ? Discuss briefly the benefits of merger.

(b) Discuss the steps that must be followed while evaluating a prospective merger proposal. (3+3)+4

6.(a) What are the contents of corporate governance report ?

(b) Discuss the statutory requirements for disclosure of financial information by Indian companies. 4+6

- 7.(a) Explain how efficient market theory provides an explanation for random walk hypothesis. 6
- (b) Explain the role of financial analyst in an efficient stock market. 4
- 8.(a) Explain the common symptoms associated with a sick company. 5
- (b) Briefly discuss the measures to be taken by the management of a company for reviving a sick unit. 5
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Handwritten notes in Hindi:
 १. मूल्य को. २. ३. ४. ५. ६. ७. ८. ९. १०. ११. १२. १३. १४. १५. १६. १७. १८. १९. २०. २१. २२. २३. २४. २५. २६. २७. २८. २९. ३०. ३१. ३२. ३३. ३४. ३५. ३६. ३७. ३८. ३९. ४०. ४१. ४२. ४३. ४४. ४५. ४६. ४७. ४८. ४९. ५०. ५१. ५२. ५३. ५४. ५५. ५६. ५७. ५८. ५९. ६०. ६१. ६२. ६३. ६४. ६५. ६६. ६७. ६८. ६९. ७०. ७१. ७२. ७३. ७४. ७५. ७६. ७७. ७८. ७९. ८०. ८१. ८२. ८३. ८४. ८५. ८६. ८७. ८८. ८९. ९०. ९१. ९२. ९३. ९४. ९५. ९६. ९७. ९८. ९९. १००.