

QP Code: 22/PT/9/XV (Old)

POST-GRADUATE COURSE

Term End Examination — June, 2022/December, 2022

COMMERCE (Old Syllabus)

**Paper-XV : FINANCIAL STATEMENT ANALYSIS &
REPORTING**

(Up to January 2021 Enrolment Session)

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.

Use of scientific calculator is strictly prohibited.

Module - I

Answer any *two* of the following questions : $12\frac{1}{2} \times 2 = 25$

1. (a) Distinguish between horizontal and vertical analysis techniques.
(b) What is the need for analyzing financial statements ?
(c) Explain in brief the procedure for preparing the common-size statements. $4 + 4 + 4\frac{1}{2}$
2. (a) What are the two basic approaches for determining profitability ratios of a company ?
(b) Explain briefly the concept of Economic Value Added (EVA).
(c) Distinguish between Price-to-Book Value (P/B) Ratio and Tobin's Q Ratio. $3 + 4 + 5\frac{1}{2}$
3. (a) Discuss the factors which may influence the standard value of current ratio.
(b) Which of the two ratios — interest coverage or debt service coverage — is a better indicator of debt servicing ability of a firm ? Give reasons.

(c) How would you assess the liquidity of inventories ? Discuss.

5 + 4 + 3½

4. (a) Why is inter-firm comparison necessary ?

(b) What are the pre-requisites for successful inter-firm comparison ?

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

4 + 4 + 4½

Module - II

Answer any *two* of the following questions :

12½ × 2 = 25

5. (a) What do you mean by random walk hypothesis ?

(b) Write short notes on Semi-strong form tests and Strong form tests of market efficiency.

(c) Discuss the fundamental analysis used by financial analyst in an efficient market.

3 + 6 + 3½

6. (a) Distinguish between technical insolvency and real insolvency.

(b) What are the internal causes of corporate sickness ?

(c) When was Sick Industrial Companies (Special Provisions) Act enacted and under whose recommendations ? What are the basic principles of this Act ?

3 + 5 + 4½

7. (a) Why is it necessary to predict bond risk premium ?

(b) Discuss in brief the model for prediction of bond risk premium.

(c) Write a short note on risk.

4 + 6 + 2½

8. (a) Define 'merger'. How does it differ from acquisition or takeover ?

(b) Discuss briefly the benefits of merger.

(c) Write a short note on conglomerate merger. (1 + 2) + 6½ + 3

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