

PGD in FA Sem.-1 Examination

PGFA-101

Financial Statement Analysis & Reporting

Time : 2-30 Hours]

January-2025

[Max. Marks : 70

- Q.1 Evaluate the importance of financial reporting from three perspectives: decision-making for investors, compliance for regulators, and strategy formulation for management. Support your evaluation with industry-specific examples. (14)
- Q.2 Analyze the distinctions between principles-based and rules-based accounting frameworks focusing on US GAAP, India GAAP, and IFRS. Illustrate your analysis by examining how these systems handle: (14)
- Revenue recognition policies
 - Valuation of inventories
 - Treatment of financial instruments in balance sheets.

OR

- Q.2 (14)

| Particulars | 2023 (₹) | 2024 (₹) |
|----------------------|-----------|-----------|
| Revenue | 10,00,000 | 12,00,000 |
| Cost of Goods Sold | 6,00,000 | 7,20,000 |
| Gross Profit | 4,00,000 | 4,80,000 |
| Operating Expenses | 1,50,000 | 1,80,000 |
| Net Profit | 2,50,000 | 3,00,000 |
| Total Assets | 15,00,000 | 18,00,000 |
| Total Liabilities | 6,00,000 | 7,50,000 |
| Shareholders' Equity | 9,00,000 | 10,50,000 |

Using the financial data provided above perform Vertical Analysis and Horizontal Analysis

- Q.3 Three companies – Aydin Ltd. (Company A), Shehzin Corp. (Company B), and Suhana Enterprises (Company C) – operate in different industries but are competing for significant foreign investment. An investor is particularly interested in their financial performance and efficiency for 2024. The investor has provided the following data: (14)

| Metrics | Aydin | Shehzin | Suhana |
|-----------------------|-------|---------|--------|
| Net Income INR (Cr) | 250 | 180 | 320 |
| Revenue INR (Cr) | 1200 | 1500 | 2000 |
| Total Assets INR (Cr) | 2500 | 2000 | 3000 |
| Total Equity INR (Cr) | 1500 | 1000 | 2000 |

As the financial consultant for the investor, use the DuPont analysis to assess the performance of each company.

OR

- Q.3 Explain the key components of a balance sheet and income statement. Assess how they provide insights into a company's financial stability and performance with relevant examples. (14)

Q.4 Below are seven different business transactions. For each situation, suggest how revenue shall be recognized as per IFRS. (14)

- XYZ Ltd. sells laptops with a one-year manufacturer warranty and an optional extended two-year warranty at an extra cost.
- DEF Ltd. enters a ₹10 crore contract to build a commercial complex over two years, invoicing customers after each milestone.
- PQR Ltd. sells air conditioners with installation services included in the total price. Installation is completed within a month.
- ABC Ltd. offers a ₹12,000 annual subscription for online courses, paid upfront.
- Sale with Buyback Agreement
- Customized Software Development
- Consignment Sales

OR

Q.4 Discuss different methods of fixed asset valuations along with the associated factors and challenges. (14)

Q.5 Interpret every component of the cash flow statement of OLA elect Ltd given overleaf (14)

| Particulars | MAR 24 (₹ Cr.) | MAR 23 (₹ Cr.) | MAR 22 (₹ Cr.) |
|--|-------------------|----------------|-------------------|
| Net Profit/Loss Before Extraordinary Items | - 1,584.40 | -1,472.08 | -784.15 |
| Net Cash Flow From Operating Activities | -633.09 | -1,507.27 | -884.95 |
| Net Cash Used In Investing Activities | - 1,136.28 | -318.55 | - 1,321.83 |
| Net Cash From Financing Activities | 1,589.96 | 658.7 | 3,084.83 |
| Foreign Exchange Gains/Losses | 0 | 0 | 0 |
| Adjustments on Amalgamation/Merger/Demerger | 0 | 0 | 0 |
| Net Increase/Decrease in Cash Equivalents | -179.4 | -1,167.12 | 878.05 |
| Cash and Cash Equivalents Begin of Year | 67.88 | 1,235.00 | 356.95 |
| Cash and Cash Equivalents End of Year | -111.52 | 67.88 | 1,235.00 |

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