


<b>Name:</b>	
<b>Enrolment No:</b>	

**UPES**  
**End Semester Examination, May 2024**

**Course: Financial Analytics** **Semester: VI**  
**Program: Int. BBA-MBA** **Time : 03 hrs.**  
**Course Code: FINC3067** **Max. Marks: 100**

**Instructions:**

**SECTION A**  
**10Qx2M=20Marks**

S. No.		Marks	CO
Q 1	What characterizes the nature of financial statement fraud? a) Transparency and accuracy in financial reporting b) Manipulation of financial documents to mislead stakeholders c) Strict adherence to regulatory guidelines d) Minimal impact on company operations	<b>2</b>	<b>CO1</b>
Q2	Which aspect of the regulatory framework aims at preventing fraud? a) Taxation policies b) Financial reporting standards c) Employee benefits regulations d) Marketing strategies	<b>2</b>	<b>CO1</b>
Q3	What is a consequence of financial statement fraud on stakeholders? a) Increased trust in the company's management b) Enhanced brand reputation c) Loss of investments and trust d) Decreased regulatory oversight	<b>2</b>	<b>CO1</b>
Q4	What constitutes the financial reporting system? a) A set of rules and regulations governing financial markets b) The process of collecting, recording, and presenting financial information c) The management team responsible for financial decision-making d) The legal framework for enforcing financial transparency	<b>2</b>	<b>CO1</b>
Q5	What is the "Six-Legged Stool" of the financial reporting process? a) A metaphorical representation of the stability provided by financial reports b) A framework consisting of six key elements in financial reporting c) A popular financial analysis tool used by investors d) A regulatory body overseeing financial reporting standards	<b>2</b>	<b>CO1</b>

	Answer: b) A framework consisting of six key elements in financial reporting		
Q6	What does "Fair Value" represent in financial reporting? a) The market value of a company's assets and liabilities b) The historical cost of acquiring assets and liabilities c) The total revenue generated by a company in a fiscal year d) The net income earned by a company after taxes	2	CO1
Q7	What is a common approach in financial statement fraud analysis? a) Ignoring inconsistencies in financial records b) Conducting thorough internal audits at irregular intervals c) Utilizing data analytics and forensic accounting techniques d) Relying solely on external audits for fraud detection	2	CO1
Q8	How do anti-fraud applications contribute to organizational resilience? a) By encouraging fraudulent activities within the company b) By providing tools and training to prevent and detect fraud c) By reducing the need for regulatory compliance d) By increasing pressure on employees to meet unrealistic targets	2	CO1
Q9	How is risk assessment conducted using beta in finance? a) By analyzing the company's historical financial performance b) By calculating the sensitivity of a security's returns to market movements c) By evaluating the company's brand reputation and market position d) By measuring the company's profitability and liquidity ratios	2	CO1
Q10	What role does fintech play in leveraging blockchain technology? a) Fintech enhances blockchain's security features b) Fintech integrates blockchain into various financial services c) Fintech restricts access to blockchain technology d) Fintech replaces blockchain with traditional banking systems	2	CO1
<b>SECTION B</b> <b>4Qx5M= 20 Marks</b>			
Q11	What is meant by financial statement fraud? Identify and categorize the types of financial statement fraud.	5	CO2
Q12	What indicators or signals might indicate potential financial statement fraud?	5	CO2
Q13	What constitutes a financial reporting structure, and what are its main elements?	5	CO2
Q14	How is fair value different from market value? Explain.	5	CO2
<b>SECTION-C</b> <b>3Qx10M=30 Marks</b>			

Q15	What factors lead to financial restatements, and what are the risks they pose? Support your explanation with examples demonstrating the potential dangers of financial restatements	10	CO3
Q16	How does the 3Cs model of financial statement fraud function when applied in practical scenarios? Support your analysis with a real-world example.  Or What are the defining features of an anti-fraud program? Evaluate how the implementation of such a program impacts the prevention of fraudulent activities, supported by examples and evidence.	10	CO3
Q17	Kumar Ltd., recently discovered irregularities in its financial records during an internal audit. Upon further investigation, it was revealed that several employees, including senior management, were involved in fraudulent activities. The fraudulent activities included inflating revenues, misreporting expenses, and manipulating financial statements to meet earnings targets and deceive stakeholders. Identify and discuss the potential consequences of financial frauds such as those discovered in Kargi Ltd. additionally, propose preventive measures that organizations can implement to mitigate the risk of financial frauds.	10	CO3
<b>SECTION-D</b> <b>2Qx15M= 30 Marks</b>			
Q18	The 2008 financial crisis, often referred to as the Global Financial Crisis (GFC), was one of the most significant economic events of the 21st century. It originated in the United States but quickly spread across the globe, leading to widespread economic turmoil and recession. a) What were the primary factors that contributed to the onset and escalation of the 2008 financial crisis, particularly focusing on the role of subprime mortgages and securitization? b) How did the failure of Lehman Brothers exacerbate the crisis, and what were the immediate consequences for global financial markets and the banking sector? c) What were the key policy responses implemented by governments and central banks to address the crisis, and to what extent were these measures effective in stabilizing financial markets and restoring confidence?  Or The Sahara scam, also known as the Sahara India Pariwar investor fraud case, is one of the largest financial scams in India's history. The scam involved Sahara India Pariwar, a conglomerate with interests in finance, real estate, and media, illegally raising funds from millions of investors through optionally fully convertible debentures (OFCDs), which were later found to be unregistered securities. Sahara collected vast sums of money from investors, primarily from rural and low-income households,	15	CO4

	<p>promising high returns. However, investigations revealed that the funds raised were not utilized for the stated purposes, and the company failed to provide adequate documentation or regulatory compliance. Give a detailed overview of the case.</p>		
<p>Q19</p>	<p>Enron Corporation, initially established as a conventional energy firm, swiftly diversified into sectors such as energy trading and telecommunications, positioning itself as one of the United States' largest and most esteemed companies. Praised for its innovation and entrepreneurial spirit, Enron's ascent was propelled by the adoption of mark-to-market accounting, enabling immediate recognition of anticipated future profits. However, beneath its outward success, Enron was entangled in fraudulent practices and financial manipulations, employing intricate off-balance-sheet financing arrangements to mask its growing debt and losses.</p> <p>Analyzing Enron's rise and fall requires examining factors like its use of mark-to-market accounting and corporate governance shortcomings. Additionally, evaluating the aftermath of Enron's collapse includes assessing its effects on corporate governance, regulatory changes, and investor trust, providing insights for today's business environment.</p>	<p><b>15</b></p>	<p><b>CO4</b></p>