2312N1035

Candidate's Seat No:

EMBA Sem-1 (Rep) Examination IISe-EMS6

Financial Accounting

Time: 2-30 Hours December-2024

[Max. Marks: 70

Instructions:

- Question no 1 to 4 carry 14 marks each.
- Question no 5 carries 14 marks (each question of 2 marks). Out of the 12 questions, attempt any seven.

Question 1 [14Marks]

Discuss the concept of provisions, contingencies, and events after the reporting period in accordance with accounting standards. How do these concepts affect the presentation of liabilities and income in the balance sheet and profit and loss account. Also, how these are recognized and measured in the financial statements and provide examples of each.

OR

Journalize the following transactions in the books of Mr. Ravi and also prepare the Cash Account:

- a) Paid ₹ 10,000 to Mr. Y in full settlement of his account for ₹ 10,500.
- b) Goods worth ₹ 1,200 were destroyed in a storm.
- c) Donated $\ge 2,000$ in cash, $\ge 4,000$ worth of goods, and $\ge 5,000$ for a bed set as charity.
- d) Mr. Singh, who owed ₹ 60,000, became insolvent, and 50 paisa in a rupee was recovered from him.
- e) Wages due but not paid amounted to ₹1,75,000.
- f) Goods worth ₹ 800 were stolen by a third-party intruder.
- g) Distributed ₹ 3,000 worth of goods as samples.

Calculate:

Journal Entries for each of the above transactions.

Cash Account for the month of April 2024.

Question 2 [14Marks]

The following is the Trial Balance of M/s XYZ as at 31st March 2024:

Particulars	Debit Bo	ılance Cı	redit	Balance
Furuculars	(₹)	(₹)	
Cash in hand	2	27,000		
Cash at bank		50,000		
Purchases and sales	3,3	30,000		3,97,900
Return inwards and outwards		6,000		1,750
Wages	3	30,000		
Stocks	1,0	02,000		
Loan @ 12% p.a. (on 1-10-2022)				50,000
Interest on loan		1,500		
Salaries		30,000		
Machinery	4	10,000		
Capital				1,72,250
Debtors and Creditors		75,000		80,000
Rent		5,000		
Insurance		2,400		
Loose Tools		5,000		
Provision for doubtful debts				6,000
Bad debts		4,000		
Total	7,0	07,900		7,07,900

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Adjustments:

- (i) Wages includes ₹ 5000 spent for installation of machinery. The amount was incurred on 1-4-2022.
- (ii) Provide for depreciation on machinery @ 5% p.a.
- (iii) Debtors are bad to the extent of ₹ 1000. Provision for doubtful debts is to be maintained at 5% on debtors
- (iv) Rent outstanding ₹ 1000.
- (v) Salary is paid upto 30th June 2023.
- (vi) Stock on 31st March 2023, was worth ₹ 1, 02,200.
- (vii) Loose Tools are valued at ₹ 1,500.
- (viii) Insurance is paid upto 30 June 2023.
- (ix) Auditor's Fees outstanding ₹ 1,225

Prepare the Final Accounts (Trading, Profit & Loss Account, and Balance Sheet) as at 31st March 2024, after considering the above adjustments.

OR

What are the purposes of charging depreciation on fixed assets? Explain the factors that determine the amount of depreciation to be charged on an asset.

Question 3 [14Marks]

The following is the comparative balance sheet of M/S Apex Ltd. as on 31st March 2023 and 2024.

Liabilities	2022 (₹)	2023 (₹)	Assets	2022 (₹)	2023 (₹)
Share Capital	2,00,000	2,50,000	Goodwill	30,000	25,000
Reserves	40,000	45,000	Buildings	90,000	80,000
Profit and Loss Account	50,000	60,000	Machinery	60,000	55,000
Trade Creditors	25,000	20,000	Investments	30,000	35,000
Bank Overdraft	15,000	5,000	Stocks	50,000	45,000
Provision for Tax	35,000	40,000	Debtors	45,000	50,000
Provision for Doubtful Debts	4,000	5,000	Cash	25,000	30,000
Total	3,74,000	4,25,000	Total	3,74,000	4,25,000

Additional Information:

- 1. Depreciation charged on machinery was ₹ 5,000, and on buildings ₹ 10,000 during the year.
- 2. Interim dividend of ₹20,000 was paid in October 2023.
- 3. Provision of ₹8,000 was made for taxation during the year ending 31st March 2024.
- 4. The company sold some investments for ₹ 12,000 during the year.
- 5. A new machinery worth ₹ 10,000 was purchased during the year.

Based on the information given, prepare:

- a) Prepare the Statement of Changes in Working Capital for the year ending 31st March 2023.
- b) Prepare the Funds Flow Statement for the year ending 31st March 2023.

Explain the significance of nine important financial ratios (three from liquidity, three from solvency, and three from profitability) in evaluating a company's financial performance. Discuss how each ratio can help in making informed decisions about the company's financial stability and profitability.

[14Marks] **Question 4**

XYZ Ltd. has provided the following figures for the year ended 31.12.2024:

Materials consumed: ₹15,000

Wages: ₹12,000

Factory overhead: ₹10,000

Office & administrative overhead: ₹6,000

Selling overhead: ₹4 per unit

Profit for the year: 25% on the cost of sales

Units produced and sold: 5000

In the next year, the company receives an order of 1000 units. Due to inflation, the cost structure changes as follows:

The price of materials increases by 12%.

Wages increase by 15%.

Factory overhead decreases by 10%. Selling overhead per unit reduces to ₹3.

The company wants to achieve a profit margin of 15% on the new cost of sales for this order.

Calculate the sales price per unit for the job.

OR

From the following data, calculate and comment on the labour variances:

Category	Standard Hours	Standard Rate (₹)	Actual Hours	Actual Rate (₹)
Skilled Labor	100 hours	₹10	120 hours	₹9
Unskilled Labor	150 hours	₹6	140 hours	₹6.50

Calculate the following variances:

- 1. Labor Rate Variance
- 2. Labor Efficiency Variance
- 3. Labor Cost Variance

Provide interpretations for each variance.

Question 5	[14Marks]
Attempt any fourteen out of sixteen.	

Attempt any fourteen out of sixteen.

1.	The te	rm	"current	asset"	does	not	cover:
		- \	Dalatana				

a) Debtors b) Stock

c) Car

d) Prepaid Expenses

2. Provisions are

a) Charged against profit

c) Both a & b

b) Part of profit

d) Neither a nor b

a) Assets and Expenses b) Liabilities and Incomes c) Assets and Liabilities d) Incomes and Expenses d) Incomes and Expenses 4. Which of the following ratios refers to the ability of a firm to meet short-term obligations out of its short-term resources? a) Equity ratio b) Leverage ratio c) Activity ratio d) Profitability ratio c) Activity ratio d) Profitability ratio c) Transfer d) Accounting 6. Goodwill is classified as: a) Current asset b) Fictitious asset c) Liability d) Expense 7. The assets that can be converted into cash within a short period (i.e., one year or less) are known as: a) Current assets b) Fixed assets c) Intangible assets d) Investments 8. The face value of equity shares and preference shares is: a) Always ₹100 b) Usually, ₹20 c) Set by the company at any value d) Not relevant for calculating earnings per share 9. The formula for calculating Earnings per Share (EPS) is: a) Net profit after tax / Preference share capital b) Net profit after tax / Preference share capital c) Total profit /Number of shares outstanding d) Profit before tax / Number of equity shares 10. Which accounting ratio indicates inefficient collection of debtors? a) Current Ratio c) Debtors Turnover Ratio d) Inventory Turnover Ratio 11. A 10% increase in production and sales can lead to more than a 10% increase in profit due to: a) Fixed costs remaining constant b) Variable costs decreasing with volume c) Increasing expenses with increasing sales d) Decreasing profit margins 12. When PV ratio is 40% and sales value is ₹10,000, the amount of variable cost is: a) Predict future sales b) Set cost benchmarks for d) Determine the actual cost of goods companies.	3. The balance sheet is a st	tatement of	
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d) Determine the actual cost of goods			c) Calculate profits
comparison sold		s for	
	comparison		sold

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a) Increased worker skill le b) Change in the production	vel c	ncy variance?) Change in market conditions) Decrease in material costs
15. The formula for calculating that a) (Standard Hours – Actual Hours) Rate b) (Actual Hours – Standard Hours Rate	x Standard c) (Actual Hours	ee is: al Rate – Standard Rate) × Standard lard Hours × Standard Rate) – Actual
16. The net profit after tax is ₹85, capital of ₹3,50,000 and a face va a) ₹20 b) ₹24.	lue of ₹20 is:	e of a company with an equity share 0 d) ₹12.00

