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1801E1203

Candidate's Seat No : _____

MBA (GM) Sem.-1 Examination

FC-103

AFM

Time : 2-30 Hours]

January-2025

[Max. Marks : 70

Q-1	<p>A) Write a note on Users of Financial Statements.</p> <p>B) Explain the Following with Example: (i) Materiality Concept (ii) Business Entity Concept</p>	<p>07</p> <p>03</p> <p>04</p>
Q-2	<p>A) Pass Journal Entries into the books of Nestle Limited for the month of January.</p> <ol style="list-style-type: none"> 1. Purchased a building for ₹12,00,000. Paid ₹7,00,000 in cash and took a loan of ₹5,00,000 from HDFC Bank at 10% p.a. 2. Outstanding electricity bill is of ₹12,000. 3. Purchased office furniture worth ₹80,000 on credit from ITC. 4. Paid ₹5,000 as charity in cash 5. Paid salaries of ₹1,50,000, including an advance salary of ₹20,000 to employees 6. To earn profit on sale @ 20% Goods costing ₹ 150000 sold to Mahesh. 7. Interest Accrued for the month on the loan taken from HDFC Bank. <p>B) Define Accounting, Accountancy and Account. Also explain and differentiate Financial Accounting, Cost Accounting and Management Accounting.</p> <p style="text-align: center;"><u>OR</u></p> <p>A) Prepare the ledger accounts on the basis of following transactions in the books of a trader.</p> <p>Debit Balances on January 1, 2022: Cash in Hand INR 8,000, Cash at Bank INR 25,000, inventory of Goods INR 20,000, Building INR 10,000. Trade receivables: Vijay INR 2,000 and Madhu INR 2,000.</p> <p>Credit Balances on January 1, 2022: Trade payables: Anand INR 5,000 and Kapil INR 7,000, Capital INR 55,000 Following were further transactions in the month of January, 2022:</p>	<p>07</p> <p>07</p> <p>10</p>

	<p>Jan. 1 Purchased goods worth INR 5,000 (payable at later date) for cash less 20% trade discount and 5% cash discount.</p> <p>Jan. 4 Received INR 1,980 from Vijay and allowed him INR 20 as discount.</p> <p>Jan. 8 Purchased plant from Mukesh for INR 5,000 and paid INR 100 as cartage for bringing the plant to the factory and another INR 200 as installation charges.</p> <p>Jan. 12 Sold goods to Rahim on credit INR 600.</p> <p>Jan. 15 Rahim became insolvent and could pay only 50 paise in a rupee. Jan. 18 Sold goods to Ram for cash INR 1,000.</p> <p>Prepare: Cash Account, Vijay Account, Purchase Account, Plant Account, Sales Account, Rahim Account only.</p> <p>B) Write a note on Conditions as per Companies (Declaration and Payment of Dividend) Rules, 2014.</p>	04																																																																																										
Q-3	<p>A) From the following Balance Sheets and information, prepare Cash Flow Statement of Nirma Ltd. by Indirect method for the year ended 31st March, 20X1:</p> <table border="1" data-bbox="316 884 1324 1848"> <thead> <tr> <th colspan="2">Particulars</th> <th>Notes</th> <th>31st March 20X1 INR</th> <th>31st March 20X0 INR</th> </tr> </thead> <tbody> <tr> <td colspan="5">Equity and Liabilities</td> </tr> <tr> <td colspan="5">1 Shareholders' funds</td> </tr> <tr> <td>A</td> <td>Share capital</td> <td>1</td> <td>6,00,000</td> <td>7,00,000</td> </tr> <tr> <td>B</td> <td>Reserves and Surplus</td> <td>2</td> <td>4,20,000</td> <td>3,00,000</td> </tr> <tr> <td colspan="5">2 Non-current liabilities</td> </tr> <tr> <td></td> <td>Long term borrowings</td> <td>3</td> <td>2,00,000</td> <td>-</td> </tr> <tr> <td colspan="5">3 Current liabilities</td> </tr> <tr> <td>A</td> <td>Trade Payables</td> <td></td> <td>1,15,000</td> <td>1,10,000</td> </tr> <tr> <td>B</td> <td>Other current liabilities</td> <td>4</td> <td>30,000</td> <td>80,000</td> </tr> <tr> <td>C</td> <td>Short term provision (provision for tax)</td> <td></td> <td>95,000</td> <td>60,000</td> </tr> <tr> <td colspan="3" style="text-align: right;">Total</td> <td>14,60,000</td> <td>12,50,000</td> </tr> <tr> <td colspan="5">Assets</td> </tr> <tr> <td colspan="5">1 Non-current assets</td> </tr> <tr> <td>A</td> <td>Property, plant and Equipment</td> <td>5</td> <td>9,15,000</td> <td>7,00,000</td> </tr> <tr> <td>B</td> <td>Non-Current Investments</td> <td></td> <td>50,000</td> <td>80,000</td> </tr> <tr> <td colspan="5">2 Current assets</td> </tr> <tr> <td>A</td> <td>Inventories</td> <td></td> <td>95,000</td> <td>90,000</td> </tr> </tbody> </table>	Particulars		Notes	31 st March 20X1 INR	31 st March 20X0 INR	Equity and Liabilities					1 Shareholders' funds					A	Share capital	1	6,00,000	7,00,000	B	Reserves and Surplus	2	4,20,000	3,00,000	2 Non-current liabilities						Long term borrowings	3	2,00,000	-	3 Current liabilities					A	Trade Payables		1,15,000	1,10,000	B	Other current liabilities	4	30,000	80,000	C	Short term provision (provision for tax)		95,000	60,000	Total			14,60,000	12,50,000	Assets					1 Non-current assets					A	Property, plant and Equipment	5	9,15,000	7,00,000	B	Non-Current Investments		50,000	80,000	2 Current assets					A	Inventories		95,000	90,000	14
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E/203-3

B	Trade receivables	2,50,000	2,25,000
C	Cash and Cash equivalents	50,000	90,000
D	Other Current assets	1,00,000	65,000
	Total	14,60,000	12,50,000
Notes to Accounts			
No.		31 st March, 20X1	31 st March, 20X0
1.	Share capital		
	Equity share capital	6,00,000	5,00,000
	10% Redeemable Preference share capital	=	<u>2,00,000</u>
	Total	<u>6,00,000</u>	<u>7,00,000</u>
2.	Reserves and Surplus		
	Capital redemption reserve	1,00,000	-
	Capital reserve	70,000	-
	General reserve	1,50,000	2,50,000
	Profit and Loss account	<u>1,00,000</u>	<u>50,000</u>
	Total	<u>4,20,000</u>	<u>3,00,000</u>
3.	Long term borrowings		
	9% Debentures	<u>2,00,000</u>	=
4.	Other current liabilities		
	Dividend payable	-	60,000
	Liabilities for expenses	<u>30,000</u>	<u>20,000</u>
	Total	<u>30,000</u>	<u>80,000</u>
5.	Property, plant and equipment		
	Plant and machinery	7,65,000	5,00,000
	Land and building	<u>1,50,000</u>	<u>2,00,000</u>

	Net carrying value	9,15,000	7,00,000
Additional Information:			
<ul style="list-style-type: none"> A piece of land has been sold out for INR 1,50,000 (Cost – INR 1,20,000) and the balance land was revalued. Capital Reserve consisted of profit on revaluation of land. On 1st April, 20X0 a plant was sold for INR 90,000 (Original Cost – INR 70,000 and W.D.V. – INR 50,000) and Debentures worth INR 1 lakh were issued at par as part consideration for plant of INR 4.5 lakhs acquired. Part of the investments (Cost – INR 50,000) was sold for INR 70,000 Pre-acquisition dividend received INR 5,000 was adjusted against cost of investment. Interim dividend was declared and paid @ 15% during the current year. Income-tax liability for the current year was estimated at INR 1,35,000. Depreciation @ 15% has been charged on Plant and Machinery but no depreciation has been charged on Building. 			
OR			
<p>A) Manan Pvt. Ltd. gives you the following information relating to the year ending 31st March, 2023:</p>			
08			
(1)	Current Ratio 2.5 :		1
(2)	Debt-Equity Ratio		1 : 1.5
(3)	Return on Total Assets (After Tax)		15%
(4)	Total Assets Turnover Ratio		2
(5)	Gross Profit Ratio		20%
(6)	Stock Turnover Ratio		7
(7)	Net Working Capital		INR 13,50,000
(8)	Fixed Assets		INR 30,00,000
(9)	1,80,000 Equity Shares of		INR 10 each
(10)	60,000, 9% Preference Shares of		INR 10 each
(11)	Opening Stock		INR 11,40,000
You are required to CALCULATE:			
<ul style="list-style-type: none"> Quick Ratio Fixed Assets Turnover Ratio Proprietary Ratio Earnings per Share 			

B) The following are the financial statements of XYZ Ltd. for the year ended 31st March 2025. Prepare the Common Size Income Statement and Common Size Balance Sheet based on the given data. Also, analyze the company's performance.

06

Income Statement (₹ in Lakhs)

Particular	Amount
Revenue from Operations	10000
Cost of Goods Sold (COGS)	6500
Gross Profit	3500
Operating Expenses	1000
Operating Profit (EBIT)	2500
Interest Expense	300
Profit Before Tax (PBT)	2200
Tax Expense (30%)	660
Profit After Tax (PAT)	1540

Balance Sheet (₹ in Lakhs)

Particular	Amount
Assets	
Non-Current Assets	12000
Current Assets	5000
Total Assets	17000
Equities & liabilities	
Equity Share Capital	5000
Reserve & Surplus	7000
Total Equity	12000
Non Current Liabilities	3000
Current Liabilities	2000
Total Equity & Liabilities	17000

- Prepare the Common Size Income Statement by expressing each item as a percentage of Revenue from Operations.
- Prepare the Common Size Balance Sheet by expressing each item as a percentage of Total Assets

<p>Q-4</p>	<p>A) Write a detailed note on provisions of chapter IX of the Companies Act, 2013 consisting of Sections 128 to 138 dealing with the accounts of Companies.</p> <p style="text-align: center;">OR</p> <p>A) During the FY 2021-22, P Limited has produced 60,000 units operating at 50% capacity level. The cost structure at the 50% level of activity is as under:</p> <table border="1" data-bbox="322 506 1327 880"> <thead> <tr> <th></th> <th style="text-align: center;">(INR)</th> </tr> </thead> <tbody> <tr> <td>Direct Material</td> <td style="text-align: center;">300 per unit</td> </tr> <tr> <td>Direct Wages</td> <td style="text-align: center;">100 per unit</td> </tr> <tr> <td>Variable Overheads</td> <td style="text-align: center;">100 per unit</td> </tr> <tr> <td>Direct Expenses</td> <td style="text-align: center;">60 per unit</td> </tr> <tr> <td>Factory Expenses (25% fixed)</td> <td style="text-align: center;">80 per unit</td> </tr> <tr> <td>Selling and Distribution Exp. (80% variable)</td> <td style="text-align: center;">40 per unit</td> </tr> <tr> <td>Office and Administrative Exp. (100% fixed)</td> <td style="text-align: center;">20 per unit</td> </tr> </tbody> </table> <p>The company anticipates that in FY 2022-23, the variable costs will go up by 20% and fixed costs will go up by 15%.</p> <p>The selling price per unit will increase by 10% to INR 880</p> <p>Required:</p> <ul style="list-style-type: none"> • CALCULATE the budgeted profit/ loss for the FY 2021-22. • PREPARE an Expense budget on marginal cost basis for the FY 2022-23 for the company at 50% and 60% level of activity and FIND OUT the profits at respective levels. <p>B) Write a note on Zero Based Budgeting.</p>		(INR)	Direct Material	300 per unit	Direct Wages	100 per unit	Variable Overheads	100 per unit	Direct Expenses	60 per unit	Factory Expenses (25% fixed)	80 per unit	Selling and Distribution Exp. (80% variable)	40 per unit	Office and Administrative Exp. (100% fixed)	20 per unit	<p style="text-align: right;">14</p> <p style="text-align: right;">10</p> <p style="text-align: right;">04</p>				
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<p>Q-5</p>	<p>A) Define Financial Statements as per Section 2(40) of the Companies Act, 2013</p> <p>B) On 31st March, 20X1, SR Ltd. provides the following ledger balances after preparing its Profit & Loss Account for the year ended 31st March, 20X1.</p> <table border="1" data-bbox="316 1485 1327 1848"> <thead> <tr> <th rowspan="2">Particulars</th> <th colspan="2">Amount (INR)</th> </tr> <tr> <th style="text-align: center;">Debit</th> <th style="text-align: center;">Credit</th> </tr> </thead> <tbody> <tr> <td>Equity Share Capital, fully paid shares of Rs.50 each</td> <td></td> <td style="text-align: center;">80,00,000</td> </tr> <tr> <td>Calls in arrear</td> <td style="text-align: center;">15,000</td> <td></td> </tr> <tr> <td>Land</td> <td style="text-align: center;">25,00,000</td> <td></td> </tr> <tr> <td>Buildings</td> <td style="text-align: center;">30,00,000</td> <td></td> </tr> <tr> <td>Plant & Machinery</td> <td style="text-align: center;">24,00,000</td> <td></td> </tr> </tbody> </table>	Particulars	Amount (INR)		Debit	Credit	Equity Share Capital, fully paid shares of Rs.50 each		80,00,000	Calls in arrear	15,000		Land	25,00,000		Buildings	30,00,000		Plant & Machinery	24,00,000		<p style="text-align: right;">04</p> <p style="text-align: right;">10</p>
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E1203-7

Furniture & Fixture	13,00,000	
Securities Premium		15,00,000
General Reserve		9,41,000
Profit & Loss Account		5,80,000
Loan from Public Finance Corporation (Secured by Hypothecation of Land)		26,30,000
Other Long Term Loans		22,50,000
Short Term Borrowings		4,60,000
Inventories: Finished goods	45,00,000	
Raw materials	13,00,000	
Trade Receivables	17,50,000	
Advances: Short Term	3,75,000	
Trade Payables		8,13,000
Provision for Taxation		3,80,000
Unpaid Dividend		70,000
Cash in Hand	70,000	
Balances with Banks	4,14,000	
Total	1,76,24,000	1,76,24,000

The following additional information was also provided in respect of the above balances:

- 50,000 fully paid equity shares were allotted as consideration for land.
- The cost of assets were:

Building	INR 32,00,000
Plant and Machinery	INR 30,00,000
Furniture and Fixture	INR 16,50,000

- Trade Receivables for INR 4,86,000 due for more than 6 months.
- Balances with banks include INR 56,000, the Naya bank, which is not ascheduled bank.
- Loan from Public Finance Corporation repayable after 3 years.
- The balance of INR 26,30,000 in the loan account with Public Finance Corporation is inclusive of INR 1,34,000 for interest accrued but not due. The loan is secured by hypothecation of land.

E/203-8

<ul style="list-style-type: none">• Other long term loans (unsecured) includes:• Loan taken from Axis Bank – INR 13,80,000 (Out of which Amount Repayable within one year – INR 4,80,000) and Loan taken from directors – INR 8,50,000.• Bills Receivable for INR 1,60,000 maturing on 15th June, 20X1 has beendiscounted.• Short term borrowings includes: <table border="1"><tr><td>Loan from Naya Bank</td><td>INR 116,000 (Secured)</td></tr><tr><td>Loan from Directors</td><td>INR 48,000</td></tr></table> <ul style="list-style-type: none">• Transfer of INR 35,000 to general reserve has been proposed by the Board of directors out of the profits for the year.• Inventory of finished goods includes loose tools costing INR 5 lakhs (which do not meet definition of property, plant & equipment as per AS 10) <p>You are required to prepare the Balance Sheet of the Company as on March 31st 20X1 as required under Part - I of Schedule III of the Companies Act, 2013.</p> <p>You are not required to give previous year figures.</p>	Loan from Naya Bank	INR 116,000 (Secured)	Loan from Directors	INR 48,000	
Loan from Naya Bank	INR 116,000 (Secured)				
Loan from Directors	INR 48,000				