Roll No.												

PRESIDENCY UNIVERSITY

BENGALURU

End - Term Examinations – December 2025

Date: 30 – 12- 2025 **Time:** 09:30am – 12:30pm

School: SOM-PG	**Program:** MBA	
Course Code : FIN4111	**Course Name:** Financial Accounting and Reporting	
Semester: I	**Max Marks**: 100	**Weightage**: 50%

CO – Levels	CO1	CO2	CO3	CO4	CO5
Marks	6	31	16	16	31

Instructions:

(i) Read all questions carefully and answer accordingly.

(ii) Do not write anything on the question paper other than roll number.

Part A

Answer ALL the Questions. Each question carries 3 marks. **10Q x 3M=30M**

1.	ABC Ltd. has been following the Straight-Line Method of depreciation for the last five years. In the current year, the accountant decides to switch to the Written-Down Value method to show lower profits. Which accounting principle is violated here and why?	**3 Marks**	**L1**	**CO1**
2.	A piece of land purchased 10 years ago for ₹ 5 lakh now has a market value of ₹20 lakh. The accountant wants to show it at the current market value. Recall principle restricts the accountant from doing so?	**3 Marks**	**L1**	**CO1**
3.	Futurio Systems Ltd. purchased machinery worth ₹10,00,000 by issuing equity shares instead of paying cash. How this transaction appear in the Cash Flow Statement? Why or why not?	**3 Marks**	**L1**	**CO2**
4.	Blue Orbit Company reported a net profit of ₹ 5,00,000. Depreciation for the year was ₹ 1,00,000, and accounts receivable increased by ₹ 50,000. Calculate cash flow from operating activities.	**3 Marks**	**L1**	**CO2**
5.	MindSpark Company's sales increased from ₹ 8,00,000 in 2023 to ₹9,60,000 in 2024. The management wants to know whether this reflects a positive trend in business performance. Which type of analysis should the accountant perform and why?	**3 Marks**	**L1**	**CO3**

6.	The Balance Sheet of Idea Bridge Ltd. shows Total Assets of ₹ 10,00,000 and Current Assets of ₹ 4,00,000. Management wants to know the proportion of current assets to total assets. Which analysis is appropriate and what does it indicate?	**3 Marks**	**L1**	**CO3**
7.	Next Step company expects cash receipts of ₹80,000 and cash payments of ₹1,00,000 in March. The opening cash balance is ₹30,000. Prepare the closing cash balance for March and state whether it is a surplus or deficit.	**3 Marks**	**L1**	**CO4**
8.	Differentiate between fixed and variable costs.	**3 Marks**	**L1**	**CO4**
9.	A company sells its product at ₹ 100 per unit. The variable cost per unit is ₹ 60, and the fixed cost is ₹ 80,000. Show the Break-even Point (BEP) in units and in ₹ value.	**3 Marks**	**L1**	**CO5**
10.	Marginal costing is a costing technique that considers only variable costs (direct materials, direct labour, variable overheads) for decision-making, while fixed costs are treated as period costs. Recall any three uses of marginal costing.	**3 Marks**	**L1**	**CO5**

Part B

Answer the Questions. **Total Marks 40M**

11. Following are the balance sheets of BullRun Ltd. Prepare Cash Flow Statement. — **10 Marks** | **L4** | **CO2**

Particulars	31st March 2025	31st March 2024
Equity and Liabilities		
Shareholders' Funds		
Share Capital	25,00,000	20,00,000
Reserves and Surplus	2,30,000	1,00,000
Current Liabilities		
Trade Payables	4,50,000	7,00,000
Total	**31,80,000**	**28,00,000**
Assets:		
Non-Current Assets		
Fixed Assets	6,60,000	5,00,000
Current Assets		
Inventories	9,00,000	8,00,000
Trade Receivables	11,50,000	12,00,000
Cash and cash equivalents	4,70,000	3,00,000
Total	**31,80,000**	**28,00,000**

Or

12. "A Balance Sheet is a systematic presentation of assets and liabilities, but without proper adjustments it does not show the true financial position." Make use of this statement and explain any five basic adjustments made while preparing a Balance Sheet. — **10 Marks** | **L3** | **CO2**

13.	Explain the concept of Solvency in financial analysis. Discuss any four important solvency ratios, their formulae, and their significance in assessing the long-term financial health of a business.	**10 Marks**	**L3**	**CO3**
	Or			
14.	The following are the Income Statements of XYZ Ltd. for the years 2023 and 2024: Income Statement (₹ in lakhs) Particulars | 2023 | 2024 Sales | 800 | 1,000 Cost of Goods Sold (COGS) | 520 | 640 Gross profit | 280 | 360 Operating Expenses | 140 | 180 Net Profit | 140 | 180 You are required to: 1. Prepare Horizontal Analysis 2. Prepare Vertical Analysis for the year 2024 3. Interpret the results briefly.	**10 Marks**	**L4**	**CO3**

15.	ABC Manufacturing Co. prepared its budget for 10,000 units with the following cost structure: Budget Data for 10,000 Units Particulars | Amount (₹) Direct Materials | 5,00,000 Direct Labour | 3,00,000 Variable Overheads | 2,00,000 Fixed Overheads | 4,00,000 Selling and Distribution (40% Variable) | 1,50,000 The company wants to prepare a Flexible Budget for the following activity levels: 1. 8,000 units 2. 10,000 units 3. 12,000 units Prepare the Flexible Budget.	**10 Marks**	**L4**	**CO4**
	Or			
16.	ABC Ltd. provides the following data .You are required to prepare a Cash Budget for the months of January, February, and March 2025: Sales Forecast (₹): Month | Sales (₹) November | 2,00,000 December | 2,40,000 January | 3,00,000 February | 3,60,000 March | 4,20,000 Additional Information: 1. 40% of sales are cash sales. 2. 60% of credit sales are collected one month later. 3. Purchases are 50% of next month's sales, paid after one month. 4. Wages: o January: ₹ 40,000	**10 Marks**	**L4**	**CO4**

	○ February: ₹ 50,000 ○ March: ₹ 60,000 5. Other Expenses: ₹ 30,000 per month (paid in the same month) 6. Opening Cash Balance (1 January): ₹ 50,000			

17.	XYZ Ltd. sells a product at ₹ 200 per unit**.** Variable cost is ₹ 120 per unit**.** Fixed costs for the year are ₹ 1,20,000. During the year the company sold 8,000 units**.** Compute: 1. Contribution per unit and total contribution at actual sales. 2. P/V (Profit-Volume) ratio. 3. Break-Even Point (BEP) - in units and in rupees. 4. Profit at actual sales. 5. Margin of Safety - in units, in rupees and as a percentage.	**10 Marks**	**L4**	**CO5**
	Or			
18.	Marginal Costing is a technique where only variable costs are charged to products, while fixed costs are treated as period costs. In the scenario, ABC Manufacturing Ltd. depends on Marginal Costing for pricing and decision-making, but there are concerns about assumptions and limitations. Explains its uses, limitations, and assumptions.	**10 Marks**	**L2**	**CO5**

Part C

Answer all the Questions. Each question carries 15marks **2Q x 15M=30M**

19.	The following are the balances of Jindal Steel Ltd as on 31st March 2025:	**15 Marks**	**L4**	**CO2**

Particulars	Debit	Credit
Share capital (₹ 100 per share)	-	40,00,000
12% debentures	-	30,00,000
Profit and Loss statement	-	4,00,000
Bill Payable	-	3,70,000
Creditors	-	4,00,000
Sales	-	41,50,000
General Reserves	-	2,50,000
Bad debt provision on 1/4/2024	-	35,000
Premises	30,72,000	
Plant .	33,00,000	
Stock (Opening)	7,50,000	
Debtors	8,70,000	
Goodwill	2,50,000	
Cash and bank	5,44,000	
Calls in arrears	75,000	
Interim dividend paid	3,92,500	
Purchases	18,50,000	
Preliminary exp.	50,000	
Wages	9,79,800	
General exp.	68,350	
Salaries	2,02,250	
Bad debts	21,100	
Debentures interest paid	1,80,000	
	1,26,05,000	1,26,05,000

Additional information:

1. Depreciate plant by 15%.
2. Write off ₹ 5,000 from preliminary exp.
3. Half year's debenture interest due.
4. Create 5% provision on debtors for doubtful debts.
5. Provide/provision for income tax @ 50%.
6. Stock on 31st March 2025 was ₹ 9,50,000.
7. The board declared a dividend of 12% on paid up capital including interim dividend. Transfer to general reserve ₹ 4,500.
8. The corporate dividend tax is 17%.

Prepare the final accounts of the company.

20.	From the following Balance Sheet and Income Statement of Mohan Ltd., compute the following ratios: 1. Current Ratio 2. Quick Ratio 3. Debt–Equity Ratio 4. Total Assets to Debt Ratio 5. Inventory Turnover Ratio 6. Debtors Turnover Ratio 7. Net Profit Ratio 8. Return on Capital Employed (ROCE)	**15 Marks**	**L4**	**CO5**

Balance Sheet as on 31-03-2025

Liabilities	Amount (₹)	Assets	Amount (₹)
Equity share capital	5,00,000	Fixed assets	6,50,000
Reserves and surplus	2,00,000	Inventory	3,00,000
10% debentures	3,00,000	Debtors	1,50,000
Creditors	1,50,000	Cash & Bank	50,000
Bills payable	50,000	Prepaid Expenses	50,000
	12,00,000		12,00,000

Income Statement (2024–25)

- Sales = ₹12,00,000
- Cost of Goods Sold = ₹9,00,000
- Operating Expenses = ₹1,50,000
- Debenture Interest = ₹30,000
- Net Profit After Tax = ₹1,20,000