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PRESIDENCY UNIVERSITY BENGALURU

**SET B**

SCHOOL OF COMMERCE

**END TERM EXAMINATION – MAY / JUNE 2024**

**Semester :** Semester II - 2023

**Course Code :** COM1020

**Course Name :** Business Accounting and Financial Analysis

**Program :** B.Sc. Economics

**Date :** June 20, 2024

**Time :** 09.30am to 12.30pm

**Max Marks :** 100

**Weightage :** 50%

**Instructions:**

1. *Read all questions carefully and answer accordingly.*
2. *Question paper consists of 3 parts.*
3. *Scientific and non-programmable calculator are permitted.*
4. *Do not write any information on the question paper other than Roll Number.*

**PART - A**

**ANSWER ANY 5 QUESTIONS 5Q X 2M = 10M**

* 1. State two objectives of accounting in a business context.
	2. Give any two examples of Fixed Assets.
	3. List two items that are on credit side in accounts.
	4. Describe two primary objectives of financial statements.

(CO1) [Knowledge] (CO2) [Knowledge] (CO3) [Knowledge] (CO3) [Knowledge]

* 1. Calculate the percentage change in total assets from Year 1 to Year 2 for a company, given that total assets were $500,000 in Year 1 and $600,000 in Year 2,and apply trend analysis.
	2. Explain the concept of common size statement analysis.

(CO4) [Knowledge]

(CO4) [Knowledge]

**7.** Calculate the percentage change in net income from Year 1 to Year 2 for a company, given that net income was $100,000 in Year 1 and $120,000 in Year 2.

 (CO4) [Knowledge]

**PART - B**

**ANSWER ANY 5 QUESTIONS 5Q X 10M = 50M**

**8.** ABC Manufacturing Company is a medium-sized manufacturing firm that specializes in producing automotive components. The company has been in operation for over two decades and has established a strong reputation in the industry. Let's examine the different users of accounting information within ABC Manufacturing Company and their respective needs.

1. Give ten examples of Trial Balance recording on the debit side.

(CO1) [Comprehension]

(CO2) [Comprehension]

1. Using the following information, prepare a Trading Account and a Profit and Loss Account for the year ended December 31, 2023, for LMN Traders:
	* 1. Opening Stock: $20,000
		2. Purchases: $70,000
		3. Carriage Inwards: $1,500
		4. Sales: $100,000
		5. Closing Stock: $25,000
		6. Wages: $8,000
		7. Rent: $3,000
		8. Discount Allowed: $1,000
		9. Salaries: $10,000
		10. Commission Received: $2,500
		11. Freight Outward: $2,200
		12. Bad Debts: $800
		13. Insurance: $1,200
		14. Advertisement: $1,500
		15. Interest on Capital: $1,000

(CO3) [Comprehension]

1. Using the following information, prepare a Trading Account and a Profit and Loss Account for the year ended December 31, 2023, for XYZ Traders:
	* 1. Opening Stock: $10,000
		2. Purchases: $50,000
		3. Carriage Inwards: $1,000
		4. Sales: $80,000
		5. Closing Stock: $12,000
		6. Wages: $5,000
		7. Rent: $2,000
		8. Discount Allowed: $500
		9. Salaries: $7,000
		10. Commission Received: $1,500

(CO3) [Comprehension]

1. The following table presents the sales figures (in $ millions) for Company ABC for the years 2018 to 2022:

|  |  |
| --- | --- |
| Years | Sales($ millions) |
| 2018 | 50 |
| 2019 | 55 |
| 2020 | 60 |
| 2021 | 65 |
| 2022 | 70 |

1. Prepare a trend analysis table showing the percentage change in sales from 2018 to 2022. b.Interpret the trend analysis table and discuss any notable trends or patterns observed in the sales figures over the five-year period.

(CO4) [Comprehension]

1. Prepare a common size balance sheet for XYZ Ltd. using the following data as of 31st March 2023:

 Total Assets: $500,000  Cash: $50,000

 Accounts Receivable: $100,000  Inventory: $150,000

 Property, Plant, Equipment: $200,000  Total Liabilities: $300,000

 Accounts Payable: $80,000  Long-term Debt: $220,000  Equity: $200,000

1. Distinguish between book keeping and accounting.

(CO4) [Comprehension] (CO1) [Comprehension]

**PART - C**

**ANSWER ANY 2 QUESTIONS 2Q X 20M = 40M**

1. Prepare the statement of profit and Loss as of 31st March 2022. From the following information:

(Rs) Amount

Revenue from operation 600,000

Other Income 1,00,000

Cost of Material consumed 50,000

Purchases of Stock in Trade 75,000

Changes in Inventories (25,000 )

Employees benefit expenses 25,000 Depreciation and Amortization Expenses 25,000 Tax during the year 40,000

1. "Explain the concept of the statement of profit and loss and detail its components."

(CO3) [Application]

1. State the meaning of Financial Statement Analysis. Explain the objectives and tools of financial statement analysis in a business point of view.

(CO4) [Application]

1. a. Calculate trend percentages for the following particulars of Zell Ltd.

|  |  |  |  |
| --- | --- | --- | --- |
| particulars | Year-1 | Year-2 | Year-3 |
| I.Equity and Liabilities : |  |  |  |
| share holders funds | 350000 | 450000 | 400000 |
| Non-current Liabilities | 100000 | 100000 | 100000 |
| Current Liabilities | 100000 | 40000 | 180000 |
| **Total** | **550000** | **590000** | **680000** |
| II. Assets |  |  |  |
| Non-current Assets | 350000 | 440000 | 500000 |
| Current Assets | 100000 | 150000 | 180000 |
| **Total** | **550000** | **590000** | **680000** |

b. Calculate trend percentages for the following particulars of Jack Ltd

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Particulars | 2015-16(Rs) | 2016-17(Rs) | 2017-18(Rs) |  |
| Revenue from operations | 20000 | 17000 | 13000 |  |
| Other income | 5500 | 6000 | 3500 |  |
| Expenses | 15500 | 9000 | 6500 |  |
|  |  |  |  | (CO4) [Application] |