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Total Number of Pages: 03

Course: MBA  
Sub\_Code: MBPC1003

1<sup>st</sup> Semester Regular/Back Examination: 2025-26

SUBJECT: FINANCIAL ACCOUNTING & ANALYSIS

BRANCH(S): BA, FM, FM&HRM, GM, HCHM, HRM, IB, ISEM, LSCM, MBA, MBA (A&I), MBA (M&F),  
MM, RM

Time: 3 Hours

Max Marks: 100

Q.Code: U588

Answer Q1 (Part-I) which is compulsory, any eight from Part-II, and any two from Part-III.  
The figures in the right-hand margin indicate marks.

**Part-I**

**Q1 Answer the following questions: (2 x 10)**

- Accounting is often referred to as the language of business. Briefly justify.
- Distinguish between internal users and external users of accounting information.
- State any two uses of accounting.
- What is meant by the Business Entity Concept AND Materiality convention?
- Write the accounting equation with imaginary figures.
- What is a common size financial statement?
- State the objectives of Cash Flow Statement as per Ind AS-7.
- What is a subsidiary book? Name them all. What purposes do these books solve?
- Define debentures, equity share capital and Preference share capital.
- What is meant by shares? When do the companies resort to issue different forms of equity shares such as issue of shares at par, at premium, and at discount?

**Part-II**

**Q2 Only Focused-Short Answer Type Questions- (Answer Any Eight out of Twelve) (6 x 8)**

- Explain the need for accounting standards in India. Discuss briefly the role of Ind AS in improving financial reporting quality.
- Describe the accounting cycle with the help of a neat diagram. How does it ensure reliability of financial statements?
- What is buy-back of shares? Discuss its objectives and impact on:
  - Earnings per Share
  - Capital Structure
  - Shareholders' wealthIllustrate with a simple numerical example
- Explain the structure and contents of Income Statement and Balance Sheet of a listed company as per Schedule III of the Companies Act, 2013.
- Explain Comparative Financial Statement Analysis and its usefulness to management.

- f) Distinguish between Operating, Investing, and Financing Activities as per Ind AS 7.
- g) From the following information, prepare a Comparative Income Statement and analyze the operational efficiency of the firm:

Particulars	2024 (₹)	2025 (₹)
Net Sales	8,00,000	10,00,000
Cost of Goods Sold	5,00,000	6,20,000
Operating Expenses	1,50,000	1,80,000

- h) The Balance Sheet of XYZ Ltd. shows the following:

- Net Profit before tax ₹ 4,00,000
- Depreciation ₹ 50,000
- Increase in Current Assets ₹ 80,000
- Increase in Current Liabilities ₹ 40,000

Prepare a Cash Flow Statement (Operating Activities only) as per Ind AS-7 using the Indirect Method.

- i) From the following Balance Sheet information, calculate:

a) Current Ratio

b) Debt-Equity Ratio

c) Gross Profit Ratio

- Current Assets ₹ 4,00,000
- Current Liabilities ₹ 2,00,000
- Long-term Debt ₹ 3,00,000
- Equity Share Capital ₹ 5,00,000
- Gross Profit ₹ 2,50,000
- Net Sales ₹ 10,00,000

Interpret the results.

- j) Briefly explain the presentation of share capital in the Balance Sheet of a company as per Schedule III.

- k) What is meant by issue of shares for consideration other than cash? Explain with an example.

- l) The following information relates to ABC Ltd. for the year ended 31 March 2025:

- Net Sales: ₹ 12,00,000
- Cost of Goods Sold: ₹ 7,20,000
- Opening Inventory: ₹ 1,40,000
- Closing Inventory: ₹ 1,60,000

**Required:**

a) Calculate the Inventory Turnover Ratio.

b) Comment briefly on what the ratio indicates about the company's inventory management.

### Part-III

#### Only Long Answer Type Questions (Answer Any Two out of Four)

- Q3** "Financial statements present historical data, yet managers rely on them for future decisions." Critically evaluate this statement highlighting: **(16)**

- Limitations of accounting
- Role of analysis and interpretation
- Ethical responsibility of accountants

Support your answer with suitable examples.

- Q4** Ratio analysis is both a powerful and limited tool for financial decision-making. Critically examine this statement with suitable examples relevant to managerial decisions. **(16)**

**Q5** From the following information, prepare: (16)

- a) Journal Entries
- b) Ledger Accounts
- c) Trial Balance
  - Capital introduced ₹ 6,00,000
  - Purchased furniture for cash ₹ 40,000
  - Purchased goods on credit ₹ 1,20,000
  - Sold goods for cash ₹ 1,80,000
  - Paid wages ₹ 25,000
  - Outstanding wages ₹ 5,000

**Q6** The following information has been extracted from the trial balance and additional notes of XYZ Ltd., a listed company, for the year ended 31 March 2025: (16)

**(A) Trial Balance Extracts (₹ in lakhs)**

- Equity Share Capital: 500
- Securities Premium: 80
- Revenue from Operations: 1,200
- Cost of Materials Consumed: 620
- Employee Benefit Expenses: 180
- Other Operating Expenses: 120
- Finance Cost: 40
- Depreciation and Amortisation: 60
- Trade Receivables: 220
- Cash and Cash Equivalents: 90
- Property, Plant & Equipment: 480
- Trade Payables: 150
- Short-term Borrowings: 100

**(B) Additional Information:**

1. Closing Inventory amounted to ₹ 140 lakhs.
2. Current tax provision for the year is ₹ 50 lakhs.
3. No dividend has been declared during the year.

**You are Required to**

- a) Prepare the Income Statement of XYZ Ltd. for the year ended 31 March 2025 in accordance with Schedule III of the Companies Act, 2013.
- b) Prepare the Balance Sheet of the company as on 31 March 2025.
- c) Briefly comment on the financial performance and position of the company from a managerial perspective.

(Suitable assumptions may be made wherever necessary and should be clearly stated.)