

GUJARAT TECHNOLOGICAL UNIVERSITY

MBA-SEMESTER-I-EXAMINATION-WINTER-2024

Subject Code: MB01095011

Date: 16/01/2025

Subject Name: Financial Accounting & Reporting

Time: 10:30 AM TO 01:30 PM

Total Marks: 70

Instructions:

1. Attempt all questions.
2. Make suitable assumptions wherever necessary.
3. Figures to the right indicate full marks.
4. Use of simple calculators and non-programmable scientific calculators are permitted.

- Q.1** Define the following: **14**
- (a) GAAP
 - (b) Trail Balance
 - (c) Contingent Liabilities
 - (d) Financing Activities of Cash Flow
 - (e) Auditor Report
 - (f) Bills Receivables
 - (g) EPS

- Q.2** (a) Explain various accounting concepts and conventions. **07**
- (b) Explain process of accounting in detail. **07**

OR

- (b) Journalized the following transactions for April, 2023. **07**
- April 1- Mohan commenced business with cash Rs. 20,00,000.
 April 2 - Deposited into bank Rs. 17,00,000.
 April 4 - Bought furniture for office for cash Rs. 60,000.
 April 13 - Goods sold to Gopal on credit Rs. 1,00,000.
 April 15 - Bought goods from Ram on credit Rs. 1,10,000.
 April 28 - Paid Ram in full settlement Rs. 1,06,000.
 April 30 - Paid rent Rs. 20,000

- Q.3** (a) Write a note on Financial Statement Analysis. **07**

(b) **07**

Particular	Amount
Sales (40% cash sales)	15,00,000
Less: Cost of sales	7,50,000
Gross Profit:	7,50,000
Less: Office Exp. (including int. on debentures)	1,25,000
Selling Exp.	1,25,000
Profit before Taxes:	5,00,000
Less: Taxes	2,50,000
Net Profit:	2,50,000

Balance Sheet

Liabilities	Amount	Asset	Amount
Equity share capital	20,00,000	Fixed Assets	55,00,000
10% Preference share capital	20,00,000	Stock	1,75,000
Reserves	11,00,000	Debtors	3,50,000
10% Debentures	10,00,000	Bills receivable	50,000
Creditors	1,00,000	Cash	2,25,000
Bank-overdraft	1,50,000	Fictitious Assets	1,00,000
Bills payable	45,000		
Outstanding expenses	5,000		
	64,00,000		64,00,000

Calculate the following ratios; also discuss the position of the company:

- (1) Gross profit ratio.
- (2) Stock turnover ratio.
- (3) Current ratio.
- (4) Debtor's ratio.
- (5) Creditor's ratio.
- (6) Rate of return on net capital employed.
- (7) Rate of return on equity shares.

The opening stock was of Rs. 3,25,000. Taking 360 days of the year.

OR

- Q.3 (a)** Explain trend analysis with the help of a hypothetical example **07**
- (b)** From the following information of Beta Ltd. for the year ending 31st March 2022 and 31st March 2023. Prepare a Comparative Statement of Profit & Loss A/c of Beta Ltd. **07**

Profit & Loss A/c

Particulars	Note No.	31 st March 2023	31 st March 2022
Revenue from operations		20,00,000	16,00,000
Employees Benefit Expenses		10,00,000	8,00,000
Depreciation & Amortization Expenses		25,000	20,000
Other expenses		75,000	1,80,000

Tax Rate is 30%

- Q.4 (a)** Write a note on Management Discussion and Analysis **07**
- (b)** Explain the Financial disclosure requirements under different heads. **07**
- OR**
- Q.4 (a)** Write down the format of Balance sheet as prescribed in schedule III of Companies Act , 2013 with imaginary numbers. **07**
- (b)** Describe Related Party? Who falls under related party relationships? **07**

Following is the Trial Balance of Fortune Co. Ltd. As on 31-03-2022

Particulars	Dr.	Cr.
Land & Building	2,00,000	
Furniture	60,000	
Equity Share Capital		2,50,000
10% Preference Share Capital		1,00,000
Stock (01-04-2021)	1,00,000	
Call in Arrears	10,000	
Investments	3,00,000	
Share Forfeiture A/c		5,000
Sales		8,10,000
10% Debentures		2,00,000
Debtors	2,50,000	
Purchase Return		30,000
Public Deposits		50,000
Cash-Bank	40,000	
Purchases	5,30,000	
Sales Return	10,000	
Provident Fund		35,000
General Reserve		1,30,000
Profit & Loss A/c (01-04-2021)		73,000
Creditors		65,000
Salary & Wages	65,500	
Interest on Investment		7,500
Bad Debt	10,000	
Preliminary Exp	20,000	
Interest on Debentures	10,000	
Director's fee	80,000	
Income Tax paid in Advance	70,000	
Total	17,55,500	17,55,500

Adjustments

1. The Closing Stock as on 31-03-2022 was 1,75,000.
2. Provide 5% Reserve for B.D.R
3. Write off Depreciation on Fixed Assets at 10%
4. The Directors have recommended dividend on Preference share capital and 12% on Equity share capital
5. Transfer to General Reserve Rs. 20,000
6. Write Off 10% of Preliminary Expenses

From the above information, you are required to prepare the profit and loss A/C and Balance sheet of Fortune Co. Ltd for the year 2022 as per the Vertical format.

OR

From the following information, you are required to prepare Cash Flow Statement of Sanghvi Auto parts Ltd. for the year ending 31st March, 2023.

Balance Sheets

Liabilities	31-3-2022	31-3-2023	Asset	31-3-2022	31-3-2023
Share Capital	70,000	70,000	Plant-Machinery	50,000	91,000
Secured Loan	-	40,000	Stock	15,000	40,000
Creditors	14,000	39,000	Debtors	5,000	20,000
Tax Payable	1,000	3,000	Cash	20,000	7,000
Profit & Loss A/c	7,000	10,000	Prepaid Expenses	2,000	4,000
	92,000	1,62,000		92,000	1,62,000

Profit & Loss A/c (31-3-2023)

Particulars	Rs	Particulars	Rs
To Opening Stock	15,000	By Sales	1,00,000
To Purchases	98,000	By Closing Stock	40,000
To Gross Profit	27,000		
	1,40,000		1,40,000
To General Expenses	11,000	By Gross Profit-b/d	27,000
To Depreciation	8,000		
To Taxation	4,000		
To Dividend	1,000		
To Net Profit	3,000		
	27,000		27,000
