Name: Enrolment No:	

UPES
End Semester Examination, December 2025

Course: Financial Accounting — **Semester: 1**
Program: B.COM. HONS. / INT. B.COM-MBA — **Time: 03 hrs.**
Course Code: FINC 1003 — **Max. Marks: 100**

Instructions: Attempt all questions

SECTION A
10Qx2M=20Marks

S. No.		Marks	CO
Q 1	As per Schedule III, the Balance Sheet is broadly divided into: A) Assets and Liabilities B) Assets, Equity and Liabilities C) Equity, Liabilities, Income D) Income, Expenses, Liabilities	**2**	**CO1**
Q2	Which of the following is the primary objective of accounting? A) To maintain employee records B) To provide financial information to users C) To calculate tax liability only D) To prepare audit reports	**2**	**CO1**
Q3	Company creates provision for taxation ₹4,00,000. Effect: A) Liabilities ↑ ₹4,00,000; Surplus ↓ ₹4,00,000 B) Assets ↓ ₹4,00,000; Share Capital ↓ ₹4,00,000 C) Assets ↑ ₹4,00,000; Liabilities ↑ ₹4,00,000 D) Assets unchanged; Liabilities unchanged	**2**	**CO1**
Q4	Net Profit after Tax is transferred to: A) Balance Sheet under Reserves and Surplus B) Assets side of Balance Sheet C) Share Capital D) Trade Payables	**2**	**CO1**
Q5	Which concept requires that the same accounting methods be used year after year? A) Consistency concept B) Materiality concept C) Cost concept D) Dual aspect concept	**2**	**CO1**
Q6	Issue of bonus shares worth ₹5,00,000 from reserves. Effect: A) Assets unchanged; Share Capital ↑ ₹5,00,000; Reserves ↓ ₹5,00,000 B) Assets ↑ ₹5,00,000; Liabilities ↑ ₹5,00,000 C) Assets ↑ ₹5,00,000; Reserves ↑ ₹5,00,000 D) Assets unchanged; Share Capital ↑ ₹5,00,000; Reserves unchanged	**2**	**CO1**

Q7	The accounting convention of materiality implies: A) Recording all items regardless of amount B) Ignoring insignificant items C) Estimating revenues only D) Recording all assets at market value	**2**	**CO1**
Q8	Which concept requires recording transactions at the price paid? A) Cost concept B) Realization concept C) Money measurement concept D) Dual aspect concept	**2**	**CO1**
Q9	Which of the following will increase Total Assets but not Equity? A) Issue of bonus shares B) Fresh borrowing from bank C) Profit earned during the year D) Revaluation of land upwards	**2**	**CO1**
Q10	Tangible assets do not include: A) Goodwill B) Furniture C) cash D) Inventory	**2**	**CO1**
	SECTION B **Attempt any FOUR questions 4Qx5M= 20 Marks**		
Q 1	"The role of accounting has shifted from mere record-keeping to value creation." Illustrate with two examples.	**5**	**CO3**
Q2	Provide the conceptual reasoning for charging depreciation even when the market value of the asset is increasing.	**5**	**CO3**
Q3	Why is a provision treated as a liability while a reserve is treated as part of shareholders' equity? Explain using suitable examples.	**5**	**CO2**
Q4	Explain the need for convergence of accounting standards. Evaluate the challenges India faced in implementing Ind-AS (IFRS-converged).	**5**	**CO2**
Q5	Explain the concept of Financial Statement and analyse how it helps in decision making in an organization.	**5**	**CO2**
	SECTION-C **Attempt any THREE questions 3Qx10M=30 Marks**		
Q 1	Present the effect of transaction using the Accounting Equation: 1. Owner started business with ₹2,00,000 cash. 2. Purchased furniture for ₹50,000 in cash. 3. Bought goods worth ₹40,000 on credit from M/s Ramesh & Co. 4. Sold goods for ₹30,000 in cash (cost ₹20,000). 5. Paid ₹10,000 to M/s Ramesh & Co. 6. Paid salary of ₹5,000. OR Discuss any five major accounting concepts and analyze how each contributes to reliability and comparability of financial statements.	**10**	**CO3**

Q2	Balance Sheet of Silicon Traders for two FYs are given below: (see table below) Prepare a common-size balance sheet and interpret the results.	**10**	**CO4**
Q3	The following is the summarised profit and loss statement for the year ending 2024-25 and the balance sheet as on 31st March 2025: (see tables below)	**10**	**CO3**

Balance Sheet of Silicon Traders for two FYs are given below:

Equities & Liabilities	**Mar-24**	**Mar-25**
Share Capital	736	766
Reserves & Surplus	32,705	29,374
Current Liabilities	24,424	27,326
Other Liabilities	7,555	8,616
Total Liabilities	65,420	66,083
Assets		
Fixed Assets	15,939	15,578
Current Assets	14,900	15,207
Other Assets	34,581	35,298
Total Assets	65,420	66,083

Prepare a common-size balance sheet and interpret the results.

Q3 The following is the summarised profit and loss statement for the year ending 2024-25 and the balance sheet as on 31st March 2025:

Profit and Loss Account

Annual	**Mar-25**
Sales	7,00,000
Other Income	-
Total Income	7,00,000
Total Expenditure	4,80,000
EBIT	2,20,000
Interest	30,000
Tax	20,000
Net Profit	1,70,000

Balance Sheet

Equities & Liabilities	**Mar-25**
Share Capital	5,00,000
Reserves & Surplus	2,00,000
Non-Current Liabilities	5,60,000
Current Liabilities	
Trade Creditors	2,00,000
Bills Payable	2,40,000
Total Liabilities	17,00,000
Assets	
Non-current Assets	
Plant, Property and Equipment	10,00,000

	Current Assets		
	Inventories	2,50,000	
	Trade Receivables	2,00,000	
	Cash and Cash Equivalents	2,50,000	
	Total Assets	17,00,000	

Calculate: (i) Current Ratio (ii) Liquid Ratio (iii) Net Profit Margin (iv) Operating Profit Margin (v) Return on Total Assets

SECTION-D

2Qx15M= 30 Marks

Q1 The Balance Sheet of TMPV Ltd. for the FYs 2023-24 and 2024-25 is given below:

Equities & Liabilities	Mar-24	Mar-25
Share Capital	5,00,000	7,00,000
Reserves & Surplus	2,00,000	3,50,000
Non-Current Liabilities	5,60,000	4,00,000
Current Liabilities		
Trade Creditors	2,00,000	3,00,000
Bills Payable	2,40,000	1,20,000
Total Liabilities	**17,00,000**	**18,70,000**
Assets		
Non-current Assets		
Plant, Property and Equipment	10,00,000	12,00,000
Current Assets		
Inventories	2,50,000	3,00,000
Trade Receivables	2,00,000	1,70,000
Cash and Cash Equivalents	2,50,000	2,00,000
Total Assets	**17,00,000**	**18,70,000**

Prepare Cash Flow Statement.

OR

Explain the Assets–Liabilities–Equity (ALE) structure and analyze how the accounting equation helps in understanding solvency and liquidity. Use practical business examples.

15 **CO4**

Q2 **Trial Balance of Green Leaf Ltd. as on 31 March 2025**

Particulars	Dr (₹)	Cr (₹)
Capital		3,50,000
Furniture	50,000	
Machinery	1,20,000	
Purchases	2,80,000	

15 **CO4**

Sales		4,80,000
Wages	50,000	
Salaries	65,000	
Rent	30,000	
Insurance	14,000	
Carriage Inward	12,000	
Carriage Outward	10,000	
Debtors	1,40,000	
Creditors		1,00,000
Bank Loan		80,000
Bad Debts	8,000	
Provision for Doubtful Debts		9,000
Cash in Hand	1,00,000	
Cash at Bank	1,40,000	
Total	**10,19,000**	**10,19,000**

Additional Information:

1. Closing Stock: ₹85,000
2. Depreciate Furniture @ 10%, Machinery @ 15%
3. Outstanding Rent: ₹3,000
4. Prepaid Insurance: ₹1,000

OR

Create a clear and concise format of Balance Sheet and Statement of Profit and Loss as per Part I and II of Schedule III under the Companies Act, 2013.