



- Notes :
1. All questions carry equal marks.
 2. Assume suitable data wherever necessary.
 3. Illustrate your answers wherever necessary with the help of neat sketches.

1. a) What are the four Basic Financial Statements? 8
- b) What is the Accounting cycle? How the accounting cycle works? 8

OR

2. a) What is a Ledger Account? How do you Write a Ledger? 8
- b) Suresh Oberoi is in the stage of preparing financial statements for the quarter ended March 2019. They have just completed the posting of general entries and recording all of their transactions. Below are balances reported at the end of the quarter. You are required to prepared a trial balance. 8

Particulars	Amount
Equity Shareholders	1,00,000
Reserves	50,000
Payables	25,000
Provision for Bad Debts	2,000
Fixed Assets	75,000
Receivables	25,000
Cash and Bank	10,000
Inventory	20,000
Creditors	3,000
Investments	50,000
Total	3,60,000

3. a) From the following ledger balances extracted from the books of Mr. Bharath, prepare P&L account as on March 31, 2019. 8

	\$
Gross Profit	65,000
Carriage on sales	3,000
Rent Paid	2,000
Commission received	8,000
Interest on investment received	4,650
Insurance premium paid	2,500
Payment of salaries	4,000
Bad debts	3,500
Discount allowed	435
Rate and taxes	580
Travelling expenses	2,800
General expenses	800

- b) What is Net profit? How is Net Profit Calculated? 8

OR

4. From the following trial balance of Farisali Qureshi & Bros. and additional information, Prepare Trading and Profit & Loss account and Balance sheet for the year ended June 30th 2019. **16**

Particular	Dr	Cr	Particular	Dr	Cr
Capital		1,00,000	Transportation out	7,000	
Furniture	20,000		Creditors		1,20,000
Purchases	1,50,000		Provision for bad debts		6,000
Debtors	2,00,000		Printing and Stationery	8,000	
Interest earned		4,000	Insurance expense	12,000	
Salaries	30,000		Opening stock	50,000	
Sales		3,21,000	Office expenses	12,000	
Purchases returns		5,000	Bank overdraft		2,000
Wages	20,000		Drawing	24,000	
Rent	15,000				
Sales return	10,000		Total	Rs. 5,58,000	Rs. 5,58,000

Additional Information

- Depreciation furniture by 10% by written down method (WDM)
- A provision for doubtful debts is to be created to the extent of 5% on sundry debtors.
- Salaries for the month of June, 2019 amounting to Rs. 3,000 were unpaid which must be provided for. However, salaries included Rs. 2,000 paid in advance. Office expenses outstanding Rs. 8,000.
- Insurance amounting to Rs. 2,000 is prepaid.
- Stock use for private purpose Rs. 6,000 and closing stock Rs. 60,000.

5. a) What are the components of a financial system. **8**
b) What is a Financial Intermediary? How a Financial Intermediary Works? **8**

OR

6. a) Explain Money Market? **8**
b) What are the role of regulators and Instruments? **8**

7. a) What are the objectives of Capital budgeting? **8**
b) Explain **8**
i) Payback period ii) ARR-NPV

OR

8. a) What is Internal Rate of Return (IRR)? How to Calculate IRR? **8**
b) What is the Time Value of Money (TVM)? **8**

9. a) What is Financial Statement Analysis? What are the Different Types of Financial Statement Analysis? **8**
b) Explain **8**
i) Liquidity Ratios ii) Profitability Ratios

OR

10. a) What are the Importance of Financial Statement Analysis? **8**
b) Explain **8**
i) Solvency Ratios ii) Turnover Ratios
