



- Notes :
1. All questions carry equal marks.
  2. Assume suitable data wherever necessary.
  3. All questions are compulsory.

1. a) List the types of Asset and Liabilities. Explain how it is used in balance sheet. **8**  
b) Define financial accounting and explain its significance in business operations. **8**

**OR**

2. a) Discuss the stages involved in the accounting cycle and their respective functions. **8**  
b) Discuss the importance of bank reconciliation in ensuring the accuracy of financial records. **8**
3. a) How do you measure profit? Explain all the variables in the Profit measuring equation in detail. **8**  
b) Discuss the concept of net profit and how it is calculated in a trading account. **8**

**OR**

4. a) Discuss the importance of gross profit as a measure of a company's financial performance. **8**  
b) List the different levels of Profits and explain each level in detail. **8**
5. a) Define the components of a financial system and explain their respective roles in the economy. **8**  
b) Evaluate the role and consideration of investors and issuer. **8**

**OR**

6. a) Discuss the functions of capital markets in facilitating long-term investment and capital formation. **8**  
b) Discuss the various financial instruments traded in financial markets and their characteristics. **8**
7. a) State and explain the process of capital budgeting in detail. **8**  
b) Explain the concept of Net Present Value (NPV) and its importance in capital budgeting decisions. **8**

**OR**

8. a) Define the Internal Rate of Return (IRR) and explain how it is calculated. **8**  
b) Discuss the principles of discounting and its role in calculating present values of future cash flows. **8**
9. a) Discuss the role of benchmarking in financial statement analysis and its importance in industry comparisons. **8**  
b) Explain how trend analysis can enhance the interpretation of financial ratios over time. **8**

**OR**

10. a) Discuss the various users of financial statement analysis and their respective objectives. **8**  
b) Discuss the limitations of ratio analysis in financial statement analysis. **8**

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