



**PRACTICE SET**  
**End Semester Examination, December, 2025**

**Program: MBA**

**Semester: I**

**Subject: Financial Reporting Statement and Analysis**

**Subject Code: 11CC.502**

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**Course Learning Objective:**

CLO 1: Understand the scope, objectives and branches of financial accounting, Journal, Ledger, Trial Balance as well as errors disclosed by it and preparation of P/L statement and Balance sheet for ascertaining the financial position of the business.

CLO 2: To develop an understanding of the concept of depreciation, methods of depreciation, amortization, obsolescence, depletion and an understanding of capital and revenue expenditures and receipts.

CLO 3: To enable learners to understand, develop and apply the principles and functions of management accounting and role of budgeting in business management as well as classifications of budget and essentials of effective budgeting.

CLO 4: Understanding of the concepts of cost, elements of cost, cost sheet and techniques of costing and provide students with an understanding of the importance of standard costing and variance analysis as a tool of cost reduction.

**Course Outcome:**

On completion of the Course, the students will be able to:

CO 1: Understand the concepts and format for journal entries, ledger posting, preparation of trial balance, methods of allocating error in trial balance and analyze a firm's financial activities using financial statement analysis tools to know the company's overall performance.

CO 2: Analyze the factors affecting depreciation, fixed & reducing instalment method and analyse the difference between capital and revenue expenditure.

CO 3: Apply management accounting and its objectives in facilitating decision making and create cash flow & fund flow statement in planning for intermediate and long-term finance as well as understand the benefits of different types of budgets in an organization.

CO 4: Understand the concepts of cost, evaluate different types of cost, cost sheet, methods of costing, marginal costing and its application in real life. Also evaluate the material and labor cost variance for cost control.

## SECTION A

### Question for Five (5) marks:

1. According to the principle of 'Double entry system', every debit has its corresponding credit', explain. Discuss the merits of double entry system also. [CO1, Unit I, BTL – LOT, Understand]
2. Explain the meaning of gross profit and net profit. How are they different from each other? [CO1, Unit I, BTL – LOT, Understand]
3. Compare trial balance and balance sheet. [CO1, Unit I, BTL – LOT, Understand]
4. Prepare a trading account for the year ended 31st March, 2016 from the following balances.

Account head	Amount	Account head	Amount
Opening stock	80,000	Purchases return	24,000
Purchases	4,00,000	Sales return	40,000
Sales	10,00,000	Carriage on purchases	16,000
Freight and octroi	13,000	Carriage on sales	20,000
Wages	60,000	Factory rent	24,000
Factory lighting	21,600	Office rent	15,000
Coal, gas and water	4,400	Import duty	64,000

Closing stock is valued at Rs. 1,20,000. [CO1, Unit I, BTL – LOT, Apply]

5. Compare between trading account and profit & loss account. [CO1, Unit I, BTL – LOT, Understand]
6. State the three types of accounts and give their rules with one example each. [CO1, Unit I, BTL – LOT, Remember]
7. Define Depreciation. Discuss the need for providing depreciation. [CO2, Unit II, BTL – LOT, Remember]
8. Differentiate between straight line method and written down value method of depreciation. Which one of the two methods would you recommend to provide depreciation on Plant and Machinery? [CO2, Unit II, BTL – LOT, Understand]
9. A Geyser was purchased from abroad for Rs.10,000. Shipping and forwarding charges amounted to Rs.2,000, import duty Rs.7000 and expenses of installation amounted to Rs. 1,000. Calculate depreciation for the first three years separately for each year @ 10 % on diminishing balance method. [CO2, Unit II, BTL – LOT, Apply]
10. On 1 April, 2017, Grand Ltd. Purchased a machinery for Rs. 3,00,000 and incurred Rs. 21,000 towards freight and insurance, Rs. 3,000 towards carriage inward and Rs. 6,000 towards installation charges. It has estimated that the machinery will have a scrap value of Rs. 30,000 at the end of the useful life which is four years. What will be the annual depreciation and the value of machinery after four years according to the Straight Line Method? Ignore GST. [CO2, Unit II, BTL – LOT, Apply]

11. Bring out the differences between Provision and Reserves. [CO2, Unit II, BTL – LOT, Understand]
12. Explain the term Secret Reserves. How it is created and what are the merits and demerits of secret reserves? [CO2, Unit II, BTL – LOT, Understand]
13. Define cost accounting. Explain its Scope and objectives. [CO3, Unit III, BTL – LOT, Remember]
14. Define the term Standard Costing. Explain with reasons why an industrial concern should introduce Standard Costing System. [CO3, Unit III, BTL – LOT, Understand]
15. Explain the meaning of marginal cost. What is its application in decision making? [CO3, Unit III, BTL – LOT, Understand]
16. Compare the differences between Budgetary Control and Standard Costing. [CO3, Unit III, BTL – LOT, Understand]
17. Discuss the importance of management accounting for managerial decision making. [CO4, Unit IV, BTL – LOT, Understand]
18. XYZ Ltd provided the following information, Calculate the net cash flows from financing activities: [CO4, Unit IV, BTL – LOT, Apply]

Particulars	31-3-2011	31-3-2012
Equity share capital	10,00,000	12,00,000
12% long term borrowings(Debentures)	1,00,000	2,00,000

Additional Information:

- i) Interest paid on debentures 12,000
  - ii) Dividend paid 50,000
19. Describe the term budget and budgetary control? How far is a budgetary control a tool in the hands of management? [CO4, Unit IV, BTL – LOT, Understand]
  20. 'Budgetary control improves planning, aid in co-ordination and helps in having comprehensive control'. Interpret this statement. [CO4, Unit IV, BTL – LOT, Understand]

## **SECTION B**

**Question for Ten (10) marks:**

21. The following trail balance as on 31st March, 2022 was drawn from the books of fintech traders:

	<i>Dr. Balance (₹)</i>	<i>Cr. Balance (₹)</i>
<i>Building</i>	60,000	-
<i>Machinery</i>	17,000	-
<i>Return Outward</i>	2,600	-
<i>Bad Debts</i>	2,800	-
<i>Cash</i>	400	-
<i>Discount Received</i>	3,000	-
<i>Bank Overdraft</i>	10,000	-
<i>Creditors</i>	50,000	-
<i>Purchases</i>	1,00,000	-
<i>Capital</i>	-	73,600
<i>Fixtures</i>	-	5,600
<i>Sales</i>	-	1,04,000
<i>Debtors</i>	--	60,000
<i>Interest Received</i>	-	2,600
<i>Input CGST A/c</i>	-	3,000
<i>Input SGST A/c</i>	-	3,000
<i>Input IGST A/c</i>	-	4,800
<i>Output CGST A/c</i>	5,400	-
<i>Output SGST A/c</i>	5,400	-
<i>Total</i>	2,56,600	2,56,600

Even though the debit and credit sides agree, the trial Balance contains certain errors. Check the accuracy of trial balance [CO1, Unit I, BTL – HOT, Analyze]

22. Define trial balance. ‘Is trial balance a conclusive proof of the accuracy of the books of accounts?’ If not, what are the errors which remain undetected in spite of its agreement? [CO1, Unit I, BTL – LOT, Remember]

23. Write the short notes: [CO1, Unit I, BTL – LOT, Remember]

- a) Compensating error
- b) Error of commission
- c) Conservatism principle of accounting
- d) Bank reconciliation statement
- e) Suspense account

24. Describe the meaning of financial accounting? Explain its objectives and limitations. [CO1, Unit I, BTL – LOT, Remember]

25. Discuss the causes of depreciation. Also explain the different methods of providing depreciation. [CO2, Unit II, BTL – LOT, Understand]
26. Write short note on: [CO2, Unit II, BTL – LOT, Remember]
- Deferred revenue expenditure
  - Comparative income statement
  - Amortization
  - Depreciation
  - Common size statement.
27. A machine costing Rupees 80,000 was purchased on 1st April, 2022. Its estimated working life is 4 years, while its scrap value is estimated at rupees 16,000. Create machinery account for four years. [CO2, Unit II, BTL – HOT, Evaluate]

28. Following balances appear in the books of Hari Bros:

Date	Transection	Amount
1 <sup>st</sup> April, 2020	Machinery A/c	80,000
	Provision for depreciation A/c	36,000

On 1st April, 2020, they decided to sell a machine for Rs. 8,700. This machine was purchased for Rs. 16,000 in April, 2016. Prepare the Provision for Depreciation Account and Machinery Account on 31st March, 2021, assuming the firm has been charging Depreciation at 10% p.a. on Straight Line Method. [CO2, Unit II, BTL – HOT, Evaluate]

29. Prepare a cost sheet of the following data relating to the manufacture of Jeans:  
Number of Shirts manufactured during the month: 1,000

Direct material consumed	20,000
Direct labor	8,000
Indirect labor ( in factory)	2500
Supervision cost (in factory)	1000
Factory premises rent	1600
Factory lighting	600
Oil for machines	100
Depreciation of machines	500
Office overheads	8000
Office salaries	2000
Miscellaneous Office expenses	1000
Selling and distribution overhead	6000

Note: A profit margin of 20% on the total cost of goods is expected on the sale of Jeans. [CO3, Unit III, BTL – LOT, Solve]

30. Discuss the differences between cost accounting and financial accounting. [CO3, Unit III, BTL – LOT, Understand]

31. Describe the advantages of having a system of Standard Costing. Have they any significance in effective Budgetary Control? In what ways does it differ from budgetary control? [CO3, Unit III, BTL – LOT, Remember]

32. A firm purchased a plant to manufacture a new product, the cost data for which is given below:

Estimated Actual sales	2400 units
Estimated costs:	
Material	4.00 per unit
Direct Labor	0.60per unit
Overheads	24,000 per year
Administrative expenses	28,800 per year
Selling expenses	15% of sales

Measure the selling price if profit per unit is 1.02. [CO3, Unit III, BTL – HOT, Evaluate]

33. Difference between cash flow statement and fund flow statement. [CO4, Unit IV, BTL – LOT, Understand]

34. The expenses budgeted for production of 10,000 units in a factory are furnished below:

PARTICULARS	Per. Unit (R.s)
Material	70
Labour	25
Variable overhead	20
Fixed overhead	R.s 1,00,000
Variable expenses (direct)	5
Selling expenses (10 % fixed)	13
Distribution expenses (20 % fixed )	7
Administration expenses	R.s 50,000

Design a budget for 6000 units and 8,000 units. (Administration expenses are fixed for all levels of production): [CO4, Unit IV, BTL – HOT, Evaluate]

35. Explain the following term: [CO4, Unit IV, BTL – LOT, Understand]

- a) Operating activities
- b) Short term & long term budget
- c) Fund flow statement
- d) Master budget

e) Zero based budgeting

36. Draw the proper format of cash flow statement. [CO4, Unit IV, BTL – LOT, Remember]

37. From the following Profit and Loss Account, calculate the Net Cash flow from Operating Activities using the indirect method. [CO4, Unit IV, BTL – HOT, Evaluate]

Profit and Loss Account for the year ended March 31st, 2020

	Dr.			Cr.	
	Rs	Rs		Rs	Rs
To Opening Stock		22,500	By Sales:		
To Purchases:			Cash	42,500	
Cash	25,000		Credit	<u>1,75,000</u>	2,17,500
Credit	<u>90,000</u>	1,15,000	By Closing Stock		17,500
To Wages:			By Dividend from Investment		5,000
Paid	26,000				
Outstanding	<u>5,000</u>	31,000			
To Salaries					
Paid	15,000				
Outstanding	<u>5,000</u>	20,000			
To Rent Paid		4,000			
To Depreciation		12,500			
To Preliminary Expenses write-off		8,000			
To Provision of Taxation		5,000			
To Net Profit		22,000			
		<u>2,40,000</u>			<u>2,40,000</u>

Additional information is:

- Tax paid during the year is Rs 25,000
- The opening and closing balances of debtors are Rs 24,000 and Rs 29,000
- The opening and closing balance of creditors are Rs 22,500 and Rs 20,000

## SECTION C

**Question for Twenty (20) marks:**

38. Analyze and Pass journal entries with the following information. Also prepare ledger accounts and trial balance. [CO1, Unit I, BTL – HOT, Analyze]

2006	Transactions
Jan 1	Started business with cash 40,000
Jan 2	Deposited into bank 19,000
Jan 3	Purchased machinery for 15,000 from Jawahar and gave him a cheque for the amount.
Jan 15	Paid installation charges of machinery 1,100
Jan 20	Purchased timber from Naveen of the list price of 2,000. He allowed 10 % trade discount
Jan 23	Furniture costing rupees 500 were used in furnishing the office.
Jan 25	Sold furniture to Naresh of the list price of 1,000 and allowed him 5 % trade discount.
Jan 28	Received a cheque from Naresh for rupees 930 in full settlement and sent the cheque to bank.
Jan 29	Sent to Naveen in full settlement a cheque for 1,750
Jan 31	Paid wages rupees 350 and rent 200

39. You are required to prepare Balance sheet and statement of Profit and Loss from the following trial balance of Haria Chemicals Ltd. for the year ended 31st March, 20X1.

Haria Chemicals Ltd.  
Trial Balance as at 31st March, 20X1

Particulars	Rs.	Particulars	Rs.
Inventory	6,80,000	Equity Shares	
Furniture	2,00,000	Capital (Shares of ` 10 each)	25,00,000
Discount	40,000	11% Debentures	5,00,000
Loan to Directors	80,000	Bank loans	6,45,000
Advertisement	20,000	Trade payables	2,81,000
Bad debts	35,000	Sales	42,68,000
Commission	1,20,000	Rent received	46,000
Materials consumed	23,19,000	Transfer fees	10,000
Plant and Machinery	8,60,000	Profit & Loss account	1,39,000
Rentals	25,000	Depreciation provision: Machinery	1,46,000
Current account	45,000		
Cash	8,000		

Interest on bank loans	1,16,000		
Preliminary expenses	10,000		
Fixtures	3,00,000		
Wages	9,00,000		
Consumables	84,000		
Freehold land	15,46,000		
Tools & Equipment	2,45,000		
Goodwill	2,65,000		
Trade receivables	4,40,000		
Dealer aids	21,000		
Transit insurance	30,000		
Trade expenses	37,000		
Distribution freight	54,000		
Debenture interest	55,000		
	85,35,000		85,35,000

Additional information: Closing Inventory on 31-3-20X1: Rs 8,23,000. [CO1, Unit I, BTL – HOT, Evaluate]

40. Azad Ltd. purchased furniture on October 01, 2014 for ₹ 4,50,000. On March 01, 2015 it purchased another furniture for ₹ 3,00,000. On July 01, 2016 it sold off the first furniture purchased in 2014 for ₹ 2,25,000. Depreciation is provided at 15% p.a. on written down value method each year. Accounts are closed each year on March 31. Prepare furniture account and accumulated depreciation account for the years ended on March 31, 2015, March 31, 2016 and March 31, 2017. Also give the above two accounts if furniture disposal account is opened. [CO2, Unit II, BTL – HOT, Evaluate]

41. Explain the concept of standard costing and the objectives of variance analysis. Discuss the types of variances (material and labour) and their role in performance evaluation. [CO3, Unit III, BTL – HOT, Analyze]

42. From the following information, prepare Cash Flow Statement for Pioneer Ltd.

**Balance Sheet of Pioneer Ltd., as on March 31, 2015**

<i>Particulars</i>	<i>Note No.</i>	<i>31st March 2015 (Rs)</i>	<i>31st March 2014 (Rs)</i>
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<b>I. Equity and Liabilities</b>			
1. Shareholders' Funds			
a) Share capital	1	7,00,000	5,00,000
b) Reserve and surplus	2	3,50,000	2,00,000
2. Non-current Liabilities			
Long-term borrowings: Bank Loan		50,000	1,00,000
3. Current Liabilities			
a) Trade payables		45,000	50,000
b) Other current liabilities: outstanding rent		7,000	5,000
c) Short-term provisions	3	1,20,000	80,000
<b>Total</b>		<b>12,72,000</b>	<b>9,35,000</b>
<b>II. Assets</b>			
1. Non-current assets			
a) Fixed assets	4		
(i) Tangible assets	5	5,00,000	5,00,000
(ii) Intangible assets		95,000	1,00,000
b) Non-current investments		1,00,000	-
2. Current assets			
a) Inventories		1,30,000	50,000
b) Trade receivables		1,20,000	80,000
c) Cash and cash equivalents	6	3,27,000	2,05,000
<b>Total</b>		<b>12,72,000</b>	<b>9,35,000</b>

Notes to Accounts:

<i>Particulars</i>	<i>31st March 2015 (Rs)</i>	<i>31st March 2014 (Rs)</i>
1. Equity Share Capital	<b>7,00,000</b>	<b>5,00,000</b>
2. Reserve and Surplus	<b>3,50,000</b>	<b>2,00,000</b>
Surplus: i.e., Balance in Statement of Profit and Loss		
3. Short-term Provision:		
Proposed Dividend	70,000	50,000
Provision for Taxation	50,000	30,000
	<b>1,20,000</b>	<b>80,000</b>
4. Fixed Assets		
- Tangible assets		
Equipment	2,30,000	2,00,000
Furniture	2,70,000	3,00,000
	<b>5,00,000</b>	<b>5,00,000</b>
5. Intangible Assets		
Patents	<b>95,000</b>	<b>1,00,000</b>
6. Cash and cash equivalents		
Cash	27,000	5,000
Bank balance	3,00,000	2,00,000
	<b>3,27,000</b>	<b>2,05,000</b>

- During the year, equipment costing Rs 80,000 was purchased.
- Loss on Sale of equipment amounted to Rs 5,000. Depreciation of Rs 15,000 and Rs 3,000 charged on equipments and furniture. [CO4, Unit IV, BTL – HOT, Evaluate]

### Summary:

#### CO Wise:

CO	Ques. No	Marks
CO1	1,2,3,4,5,21,22,23,24,38,39	105
CO2	6,7,8,9,10,11,12,25,26,27,28,40	95
CO3	13,14,15,16,29,30,31,32,41	80
CO4	17,18,19,20,33,34,35,36,37,42	90

#### Unit Wise:

Unit	Ques No	Marks
I	1,2,3,4,5,21,22,23,24,38,39	105
II	6,7,8,9,10,11,12,25,26,27,28,40	95
III	13,14,15,16,29,30,31,32,41	80
IV	17,18,19,20,33,34,35,36,37,42	90

### Blooms Taxonomy Level (BTL) Wise

BTL	Ques No	Marks
LOT	1,2,3,4,5,6,7,8,9,10,11,12,13,14,15,16,17,18,19,20,22,23,24,25,26,29,30,31,33,35,36	210
HOT	21,27,28,32,34,37,38,39,40,41,42	160

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**Disclaimer:** - This is a Practice Set. The Question in End term examination will differ from the Practice set. This Practice set is meant for practice only.