

JK LAKSHMIPAT UNIVERSITY, JAIPUR
INSTITUTE OF MANAGEMENT
End Term Examination, December 2025
B.B.A., Semester I, 2025-26

Roll No.....

FA1134: Financial Accounting

Time: 2:00 Hours

Max. Marks: 40

Instructions to students:

1. It is a closed-book and closed-notes exam.
2. Do not write anything on the question paper except your roll number.
3. Use of calculator is permitted during the exam.
4. The paper is divided into two sections A and B. Section A has short answer type questions and Section B has descriptive type questions.

Section A

- Q. 1 Answer the following questions in 75 words each. All questions carry equal marks. 10.0 Marks
(Attempt any four only) (CO1,4)
- A. Explain the main reasons why the cash flow from operating activities is different from the net profit reported in the income statement for the year.
 - B. The quality of financial analysis depends upon the quality of information depicted by the financial statements. Do you agree/disagree? Justify your answer.
 - C. What does Return on Capital Employed (ROCE) depict, and how should a company interpret high or low values for ROCE?
 - D. How are common size financial statements useful in financial analysis?
 - E. What are cash equivalents? Mention any four items that are usually included under cash equivalents.

Section B

- Q. 2 Answer the following questions in 150 words each. All questions carry equal marks. 10.0 Marks
(CO2, 3)
- A. Why is it important for a business to prepare a cash flow statement?
 - B. What are the three broad headings under which cash inflows and outflows are reported while preparing cash flow statement?

Or

The following information is extracted from the financial statements of Nova Retail Ltd. You are required to prepare a Cash Flow Statement as per AS-3.

Balance Sheet as on March 31, 2025, and 2024		
Particulars	Mar-25 ₹	Mar-24 ₹
EQUITIES AND LIABILITIES		
SHAREHOLDER'S FUNDS		
Equity Share Capital	1,38,000	1,30,000
Reserves and Surplus	11,120	10,080
Total Shareholder's Funds	1,49,120	1,40,080
NON-CURRENT LIABILITIES		
Bonds	12,000	24,000
Long-term Borrowings	1,20,000	1,00,000
Total Non-Current Liabilities	1,32,000	1,24,000

CURRENT LIABILITIES		
Trade Payables	23,680	20,720
Provision for Doubtful Debts	1,600	1,400
Total Current Liabilities	25,280	22,120
TOTAL CAPITAL AND LIABILITIES	3,06,400	2,86,200
ASSETS		
NON-CURRENT ASSETS		
Land	50,000	30,000
Equipment	1,20,000	1,00,000
Goodwill	-	10,000
Total Non-Current Assets	1,70,000	1,40,000
CURRENT ASSETS		
Inventories	85,400	98,400
Trade Receivables	35,400	29,800
Cash And Cash Equivalents	15,600	18,000
Total Current Assets	1,36,400	1,46,200
TOTAL ASSETS	3,06,400	2,86,200

Additional Information

1. Dividends amounting to ₹7,000 were paid during the year.
2. Land was purchased for ₹20,000 during the year.
3. Goodwill written off for ₹10,000.
4. Bonds of ₹12,000 were paid during the year.
5. Depreciation was charged on the equipment for ₹10,500.
6. Old equipment costing ₹5,600 (Accumulated depreciation ₹800) was sold for ₹6,100
7. ₹ 10,000 were paid as interest on borrowings.

- Q.3 The company Stark Ltd. founded by Tony Stark is a rapidly expanding manufacturing business that produces iron and steel products. You have recently joined Stark Ltd. as a Finance Manager. Your task is to analyze the company's performance and provide insights for management decision-making. Company's accountants submit you the following financial statements: 20.0 Marks
(CO3,4)

Income Statement for the year ended March 31, 2025, and 2024

Particulars	March-25 (₹ Crore)	March-24 (₹ Crore)
INCOME		
Total Operating Revenues	14,150	13,980
Other Income	240	310
TOTAL INCOME	14,390	14,290
EXPENSES		
Cost of Materials Consumed	4,708	4,761
Purchase Of Stock-In Trade	1,049	962
Changes in Inventories of FG and WIP	35	37
Employee Benefit Expenses	855	734
Finance Costs	453	414
Depreciation And Amortisation Expenses	668	592

Other Expenses	4,610	4,626
TOTAL EXPENSES	12,378	12,126
Profit/Loss before Tax	2,012	2,164
Total Tax Expenses	507	433
PROFIT/LOSS FOR THE PERIOD	1,505	1,731

Balance Sheet of as on March 31, 2025, and 2024

Particulars	March-25 (₹ Crore)	March-24 (₹ Crore)
EQUITIES AND LIABILITIES		
SHAREHOLDER'S FUNDS		
Total Share Capital	125	125
Total Reserves and Surplus	12,550	13,643
Total Shareholders' Funds	12,675	13,768
NON-CURRENT LIABILITIES		
Long Term Borrowings	5,105	3,671
Tax Liabilities	908	802
Other Long-Term Liabilities	965	986
Long Term Provisions	315	270
Total Non-Current Liabilities	7,293	5,729
CURRENT LIABILITIES		
Short Term Borrowings	864	384
Trade Payables	2,060	2,206
Other Current Liabilities	2,405	2,358
Short Term Provisions	120	115
Total Current Liabilities	5,449	5,063
TOTAL CAPITAL AND LIABILITIES	25,417	24,560
ASSETS		
NON-CURRENT ASSETS		
Tangible Assets	9,856	9,644
Intangible Assets	93	98
Capital Work-In-Progress	3,420	2,719
Non-Current Investments	7,270	6,549
Long Term Loans and Advances	480	860
Other Non-Current Assets	860	960
Total Non-Current Assets	21,979	20,831
CURRENT ASSETS		
Current Investments	90	50
Inventories	2,280	2,454
Trade Receivables	150	214
Cash And Cash Equivalents	415	595
Short Term Loans and Advances	3	14
Other Current Assets	500	402
Total Current Assets	3,438	3,729
TOTAL ASSETS	25,417	24,560

As the Finance Manager, use ratio analysis to:

- a. Evaluate the company's profitability for 2024 and 2025. (4 Marks)
- b. Assess the company's solvency position for 2024 and 2025. (4 Marks)
- c. Measure the company's liquidity position for 2024 and 2025. (4 Marks)
- d. Compare financial positions of the company for both years, interpret the results and provide recommendations to strengthen the company's financial position. (8 Marks)