[This question paper contains 4 printed pages.]

Your Roll No................

Sr. No. of Question Paper : 7634 **K**

Unique Paper Code : 6132392302

Name of the Paper : Financial Accounting for MSMEs

Name of the Course : **B.A. (VS) Small and Medium Enterprises**

Semester : III NEP/UGCF

Duration : 3 Hours Maximum Marks : 90

Instructions for Candidates

1. Write your Roll No. on the top immediately on receipt of this question paper.
2. Attempt any **five** questions.
3. **All** questions carry equal marks.
4. Use of Simple calculator is allowed.

1. From the following Trial Balance of Dhan Ltd., you are required to prepare Trading and Profit & Loss Account for the year ended on 31st March, 2025 and a Balance Sheet as on that date after making necessary adjustments.

Trail Balance

As at 31st March, 2025

Particulars	Dr. (₹)	Cr. (₹)
Opening Stock	7,500	
Debtors and creditors	4,250	2,100
Reserve Funds		2,500
Purchases and sales	18,500	27,000
Wages	6,000	
Capital		15,700
Mortgage Loan		13,000
Travelling Expenses	750	
Salaries	3,000	
Insurance	675	
Rent	900	
Fixed Assets	16,000	
Rent outstanding		1,080

P.T.O.

Establishment expenses	295	
Cash in hand	2,900	
Interest on Mortgage	250	
Trade Expenses	280	
	61,380	**61,380**

Additional information:

(a) Depreciate fixed Assets by 20%.

(b) Bad debts written off ₹ 250.

(c) Provide for bad and doubtful debts on debtors @5% and discount on sundry debtors and creditors @2%.

(d) Stock in hand as on 31.03.2025 was ₹ 7,075.

(e) Insurance was prepaid ₹ 75.

2. (a) The following are the details of raw materials of X Ltd.

01-4-2024 Opening Stock	400 units @ Rs. 20 per unit
07-4-2024 Purchases	300 units @ Rs. 17.50 per unit
11-4-2024 Issue for consumption	350 units
13-4-2024 Purchases	450 units @ Rs. 21 per unit
22-4-2024 Issues for consumption	450 units
25-4-2024 Purchase	400 units @ Rs. 18 per unit
30-4-2024 Issues for consumption	450 units

You are required to calculate the value of stock as on 30-04-2024, if company follows perpetual inventory system by First-in-first-out method.

(b) Distinguish between periodic and perpetual systems of inventory valuation.

3. (a) From the following data calculate any **three** ratios :

   (i) Current Ratio

   (ii) Debt-Equity Ratio

   (iii) Gross profit ratio

   (iv) Net profit ratio

   Net sales Rs.45,000, cost of goods sold Rs. 30,000, Net profit Rs.9,000, Current Assets Rs. 9,000, Stock Rs. 1,500, Current Liabilities Rs. 3,000, Paid up share capital Rs. 7,500 and Debentures Rs. 3,750.

   (b) Classify the following into Cash flow from Operating Activity , Cash flow from Investing Activity , Cash flow from Financing Activity. Briefly explain the reason :

   (i) Cash received from sale of furniture

   (ii) Dividend paid

   (iii) Cash sales

   (iv) Interest received on 10% Government Bond

   (v) Cash Purchase of goods

   (vi) Purchase of plant and machinery

   (vii) Issue of Debentures

   (viii) Payment for Bills Payables

   (ix) Repayment of bank loan

4. X Ltd. purchased a second -hand machinery on 1.7.2019 for Rs.90,000 and spent Rs. 5,000 on its overhauling and Rs. 5,000 for its installation. On 1.1.2020 an additional Machine was purchased for Rs. 1,50,000. On 1.10.2021 the first machine was sold for Rs.35,000. The company provides depreciation on its machinery @ 20% p.a on Diminishing Balance method and closes its books on 31st March every year.

   Prepare Machinery Account for three years.

5. The following was the balance sheet of A and B who were sharing profits 2 : 1 as on 31st March,2025 :

Liabilities	₹	Assets	₹
Creditors	1,23,000	Cash	2,600
General Reserve	9,000	Bank	60,000
Capitals:		Stock	40,000
A	1,00,000	Debtors	19,400
B	60,000	Building	1,00,000
		Machinery	70,000
	2,92,000		2,92,000

On the above date, C is admitted into partnership on the following terms :

(a) C was to bring ₹ 50,000 as his capital and ₹ 18,000 as goodwill for his 1/4th share in the firm.

(b) The value of stock and plant and machinery were to be reduced by 5%.

(c) A reserve was to be created in respect of sundry debtors, ₹ 1350.

(d) The building account was to be appreciated by 10%.

Prepare the Revaluation account, Partners' Capital accounts and the Balance Sheet of the new firm.

6. Write short note on the following (Attempt any **three**) :

(a) Business Entity Concept.

(b) Concept of Prudence.

(c) Historical Cost Concept.

(d) Convention of Full Disclosure.

7. Distinguish among the following (Attempt any **three**) :

(a) Straight line method vs. diminishing balance method.

(b) Sacrificing ratio vs. Gaining ratio.

(c) Revaluation Account vs. Realisation Account.

(d) Balance Sheet vs. Trial Balance.

8. State the meaning of the Cash Flow Statement as per AS-3 (Revised). How cash flow statement is different from common size statement?