Complete Solutions for Accounting Exam Paper (Q11–Q19)

# Question 11

The following ratios are calculated based on provided values:

|  |  |  |
| --- | --- | --- |
| Ratio | Formula / Working | Result |
| a. Net Profit after Tax | Operating Profit - Tax (100,000 - 25%) | 75,000 |
| b. Liquid Ratio | Liquid Assets / Current Liabilities = 200,000 / 200,000 | 1:1 |
| c. Debt Equity Ratio | Debentures / (Capital Employed - Debentures) = 400,000 / 600,000 | 2:3 |
| d. Stock Turnover | COGS / Avg Inventory = 900,000 / 300,000 | 3 Times |
| f. ROE | Net Profit / Equity = 75,000 / 600,000 × 100 | 12.5% |
| g. Net Profit Margin | Net Profit / Sales = 75,000 / 1,000,000 × 100 | 7.5% |

# Question 12

Weighted Average and FIFO inventory valuation:

|  |  |  |  |
| --- | --- | --- | --- |
| Method | COGS | Ending Inventory | Gross Profit |
| Weighted Avg. | ≈2,480 | ≈1,290 | ≈1,230 |
| FIFO | 2,350 | 1,420 | 1,350 |

# Question 13

Depreciation Fund Investment Account:

|  |  |  |
| --- | --- | --- |
| Year | Depreciation (Rs.) | Investment (Rs.) |
| 1st | 50,000 | 50,000 |
| 2nd | 50,000 | 50,000 |
| 3rd | 50,000 | 50,000 |
| Sale |  | 100,000 |

Accounting Standards are guidelines ensuring consistency and comparability of financial reporting.

# Question 14

Updated Shareholder Equity Summary after all transactions:

|  |  |
| --- | --- |
| Category | Amount (Rs.) |
| Preferred Stock | 500,000 |
| Common Stock (Post Bonus & Split) | 3,000,000 |
| APIC - Preferred | 300,000 |
| APIC - Common | 1,200,000 |
| Retained Earnings (Adjusted) | 1,120,000 |
| Total Shareholder's Equity | 6,120,000 |

Bonds are fixed income debt instruments with maturity date, interest (coupon), and face value.

# Question 15

|  |  |  |
| --- | --- | --- |
| Basis | Horizontal Analysis | Vertical Analysis |
| Definition | Compare across years | All items as % of base item |
| Purpose | Trend analysis | Proportion analysis |

|  |  |  |
| --- | --- | --- |
| Basis | Account Receivable | Note Receivable |
| Definition | Amounts owed by customers | Written promise to receive payment |
| Legal Status | Informal | Formal and legally binding |

# Question 16

Disclosures include:

* - Accounting Policies
- Key Estimates
- Financial Instruments
- Related Parties
- Segment Reporting
- Contingent Liabilities

# Question 17

Sample journal entries and trial balance for Jan transactions.

|  |  |  |  |
| --- | --- | --- | --- |
| Date | Particulars | Debit | Credit |
| Jan 2 | Cash A/C Dr. To Capital A/C | 300,000 | 300,000 |
| Jan 10 | Bank A/C Dr. To Notes Payable A/C | 50,000 | 50,000 |
| Jan 19 | Accounts Receivable A/C Dr. To Service Revenue A/C | 100,000 | 100,000 |

# Question 18

Cash Flow Statement (Direct Method):

|  |  |
| --- | --- |
| Source | Amount (Rs.) |
| Cash from Customers | Approx. 990,000 |
| Less: Operating Expenses | 277,000 |
| Add: Sale of Fixed Assets | 47,000 |
| Net Cash Flow | Approx. 760,000 |

# Question 19

GAAP ensures standard principles are followed in preparing financial statements. It promotes reliability, comparability, and transparency.