

| | | |
|---|------------------|--|
| Semester: Dec 23 – Apr 24 | | |
| Maximum Marks: 50 Examination: ETE Exam Date: 24/04/2024 Duration: 2.5 Hrs. | | |
| Programme code: 19 | Class- FY | Semester/Trimester: I |
| Programme: PGDM (Exec) - Ops & SCM | | |
| College: K. J. Somaiya Institute of Management | | Name of the department/Section/Center: |
| Course Code: 117P19C101 | | Name of the Course: Financial Reporting & Accounting Standard |
| Instructions: 1. Write Answers to Section “A” and Section “B” Separately. 2. Marks to the write indicate full marks. | | |

SECTION “A”

| Question No. | | Max. Marks | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|-------------------|--|---------------------|--------------------|-------------|--------------------|---------------|----------|-------|-----------|---------|----------|---------------|-----------|--------------|-------|------|----------|-----------------|----------|-----------------|----------|------------------|--------|-------------------|--------|---------|----------|---------------------|--------|-------------------|----------|----------------|----------|-------------------|--------|-----------|----------|--------------|--------|-----------------|-------|----------|----------|-------------------|--------|----------|----------|--|--|-------|----------|--|--|------|----------|--|--|-----------|----------|--|--|------------------|----------|--|--|-------------|-----------|--|--|----------|-----------|--|--|------------|----------|--|--|-----------|--------|--|--|--------------|-------------------|--------------|-------------------|-----------|
| 1. | <p>From the following information – Identify the elements in the 4 groups - Assets, Liabilities, Expenditure, and Income. Prepare Income statement and Balance sheet.</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 25%;">Particulars</th> <th style="width: 25%;">Debit balance (₹)</th> <th style="width: 25%;">Particulars</th> <th style="width: 25%;">Credit balance (₹)</th> </tr> </thead> <tbody> <tr> <td>Opening stock</td> <td style="text-align: right;">4,68,000</td> <td>Sales</td> <td style="text-align: right;">75,25,000</td> </tr> <tr> <td>Patents</td> <td style="text-align: right;">1,00,000</td> <td>Share Capital</td> <td style="text-align: right;">20,00,000</td> </tr> <tr> <td>Sales return</td> <td style="text-align: right;">6,000</td> <td>Loan</td> <td style="text-align: right;">8,00,000</td> </tr> <tr> <td>Land & Building</td> <td style="text-align: right;">7,00,000</td> <td>General reserve</td> <td style="text-align: right;">4,00,000</td> </tr> <tr> <td>Carriage inwards</td> <td style="text-align: right;">52,500</td> <td>Dividend received</td> <td style="text-align: right;">25,000</td> </tr> <tr> <td>Debtors</td> <td style="text-align: right;">4,50,000</td> <td>Commission received</td> <td style="text-align: right;">15,500</td> </tr> <tr> <td>Plant & Machinery</td> <td style="text-align: right;">7,50,000</td> <td>Bank Overdraft</td> <td style="text-align: right;">5,00,000</td> </tr> <tr> <td>Insurance Premium</td> <td style="text-align: right;">24,000</td> <td>Creditors</td> <td style="text-align: right;">2,20,000</td> </tr> <tr> <td>Cash at bank</td> <td style="text-align: right;">45,000</td> <td>Purchase return</td> <td style="text-align: right;">5,000</td> </tr> <tr> <td>Salaries</td> <td style="text-align: right;">5,50,000</td> <td>Interest received</td> <td style="text-align: right;">23,270</td> </tr> <tr> <td>Goodwill</td> <td style="text-align: right;">3,00,000</td> <td></td> <td></td> </tr> <tr> <td>Wages</td> <td style="text-align: right;">4,50,000</td> <td></td> <td></td> </tr> <tr> <td>Rent</td> <td style="text-align: right;">2,40,000</td> <td></td> <td></td> </tr> <tr> <td>Furniture</td> <td style="text-align: right;">6,00,000</td> <td></td> <td></td> </tr> <tr> <td>Interest on loan</td> <td style="text-align: right;">2,00,000</td> <td></td> <td></td> </tr> <tr> <td>Investments</td> <td style="text-align: right;">11,20,000</td> <td></td> <td></td> </tr> <tr> <td>Purchase</td> <td style="text-align: right;">50,45,000</td> <td></td> <td></td> </tr> <tr> <td>Trademarks</td> <td style="text-align: right;">4,00,000</td> <td></td> <td></td> </tr> <tr> <td>Bad debts</td> <td style="text-align: right;">13,270</td> <td></td> <td></td> </tr> <tr> <td>TOTAL</td> <td style="text-align: right;">11,513,770</td> <td>TOTAL</td> <td style="text-align: right;">11,513,770</td> </tr> </tbody> </table> | Particulars | Debit balance (₹) | Particulars | Credit balance (₹) | Opening stock | 4,68,000 | Sales | 75,25,000 | Patents | 1,00,000 | Share Capital | 20,00,000 | Sales return | 6,000 | Loan | 8,00,000 | Land & Building | 7,00,000 | General reserve | 4,00,000 | Carriage inwards | 52,500 | Dividend received | 25,000 | Debtors | 4,50,000 | Commission received | 15,500 | Plant & Machinery | 7,50,000 | Bank Overdraft | 5,00,000 | Insurance Premium | 24,000 | Creditors | 2,20,000 | Cash at bank | 45,000 | Purchase return | 5,000 | Salaries | 5,50,000 | Interest received | 23,270 | Goodwill | 3,00,000 | | | Wages | 4,50,000 | | | Rent | 2,40,000 | | | Furniture | 6,00,000 | | | Interest on loan | 2,00,000 | | | Investments | 11,20,000 | | | Purchase | 50,45,000 | | | Trademarks | 4,00,000 | | | Bad debts | 13,270 | | | TOTAL | 11,513,770 | TOTAL | 11,513,770 | 14 |
| Particulars | Debit balance (₹) | Particulars | Credit balance (₹) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Opening stock | 4,68,000 | Sales | 75,25,000 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Patents | 1,00,000 | Share Capital | 20,00,000 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Sales return | 6,000 | Loan | 8,00,000 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Land & Building | 7,00,000 | General reserve | 4,00,000 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Carriage inwards | 52,500 | Dividend received | 25,000 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Debtors | 4,50,000 | Commission received | 15,500 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Plant & Machinery | 7,50,000 | Bank Overdraft | 5,00,000 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Insurance Premium | 24,000 | Creditors | 2,20,000 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Cash at bank | 45,000 | Purchase return | 5,000 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Salaries | 5,50,000 | Interest received | 23,270 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Goodwill | 3,00,000 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Wages | 4,50,000 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Rent | 2,40,000 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Furniture | 6,00,000 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Interest on loan | 2,00,000 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Investments | 11,20,000 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Purchase | 50,45,000 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Trademarks | 4,00,000 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Bad debts | 13,270 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| TOTAL | 11,513,770 | TOTAL | 11,513,770 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 2. | <p>Write Short notes on (Any Two)</p> <ol style="list-style-type: none"> 1. Cash Flow Statement – Meaning, Importance and Types 2. Bonus Shares | 06 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |

3. Share Capital – Authorised, Subscribed and Paid-up Capital
4. Separate Legal Entity Concept

SECTION “B”

3 (a) Following information is available for a manufacturing firm-
Selling price per unit Rs 80, Variable cost per unit Rs 30, Fixed cost Rs 50000 for the year. Capacity – 2000 units per year.
Required-

- Find out PV ratio and BEP
- What will be the new PV ratio and BE point if selling price can be increased to Rs 100 without changing other factors.
- Find the number of units to be sold to get a profit of Rs 30000.

(b) How the variable cost is different from fixed cost. Describe this with example.

5+5

4 A company, Anthony Ltd. is one of the leading firms in its industry. It has a good track record of sales growth and profits. An investor would like to invest in this company and looking forward for your suggestions based on ratio analysis as given below in table.
comment on the standing of the company vis-à-vis industry averages. Also suggest which key ratios should be evaluated before investing into this company.

10

| S.No. | Ratio | Anthony Ltd. | Industry Average |
|-------|-----------------------------|--------------|------------------|
| 1. | Current Ratio | 3.81 | 2.7 |
| 2. | Acid Test Ratio | 1.1 | 1.5 |
| 3. | Debt Equity Ratio | .57 | 2.1 |
| 4. | Debt Service Coverage Ratio | 1.5 | 2.2 |
| 5. | Return on Equity | 18.5% | 16.8% |
| 6. | Net Profit Margin | 13% | 16% |
| 7. | Debtors Turnover | 11.1 | 12.1 |
| 8. | Price Earnings Ratio | 9.7 | 8.8 |

5 The following information is provided by the DPS Limited for the year ending 31st March

10

| | |
|-----------------------------------|---|
| Raw materials Storage period | 55 days |
| Work in process conversion period | 18 days |
| Finished Goods storage period | 22 days |
| Debt collection period | 45 days |
| Creditors payment period | 60 days |
| Annual operating cost | Rs 21, 00,000 (Including depreciation of Rs 2,10,000) |

Assume 1 year = 360 days. You are required to calculate:

- a) Operating Cycle Period
b) Number of operating cycles in a year
c) Amount of working capital required for the company on a cash cost basis.

OR

| | | |
|--|--|--|
| | Explain the Operating decision and Investing decision taken by finance manager in a company. | |
|--|--|--|