**JAIPURIA INSTITUTE OF MANAGEMENT, INDORE**

**PGDM**

**FIRST TRIMESTER (Batch 2019-21)**

**END TERM EXAMINATION, SEPTEMBER-2019**

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| --- | --- | --- | --- |
| Course Name | **Accounting Fundamentals** | Course Code | FIN101 |
| Max. Time | **2 hours** | Max. Marks | **40** |

**INSTRUCTIONS:**

All the questions are compulsory.

Instructions: Attempt all the questions.

**Q.1.** You are employed by Shivani Ltd. as an accountant. One of your staff has produced the following trial balance at 31 March 2018.

|  |  |  |
| --- | --- | --- |
| Particulars | (Debit) Amount | (Credit) Amount |
| Administrative expenses | 162140 |  |
| Distribution costs | 328900 |  |
| Trade receivables and payables | 261840 | 113400 |
| Capital (Equity shares of Re. one each) |  | 288000 |
| Share premium |  | 96000 |
| Purchases and Sales | 744000 | 1520000 |
| 8% loan notes |  | 300000 |
| Buildings at cost | 520000 |  |
| Fixtures and fittings at cost | 99000 |  |
| Motor vehicles at cost | 276000 |  |
| Buildings - Accumulated depreciation at 1 April 2017 |  | 27000 |
| Fixtures and fittings – accumulated depreciation at 1 April 2017 |  | 34840 |
| Motor vehicles – accumulated depreciation at 1 April 2017 |  | 83800 |
| Inventories at 1 April 2017 | 313480 |  |
| Interest paid | 12000 |  |
| Bank |  | 30000 |
| Retained earnings at 1 April 2017 |  | 204120 |
| Accruals including rent |  | 20200 |
|  | 2717360 | 2717360 |

You have also ascertained the following information:

**(a)** The inventory at cost on 31st March 2018 was Rs.3,78,000.

**(b)** The taxation charge for the financial year ending to 31 March 2018 is estimated to be Rs. 80,000.

**(c)** Interest on the loan notes had been paid up to 30 September 2017.

**(d)** During the year the company acquired additional premises from 1 October 2017 at an annual rental of Rs. 48,000, payable quarterly in advance on 1 October 2017 and 1 January 2018.

**(e)** Depreciation for the year is to be calculated using the following rates:

Buildings 2% on cost

Fixtures and fittings 10% on cost

Motor vehicles 25% on reducing balance

You are required to prepare the income statement for the year ended 31st March 2018 and a statement of financial position at that date for Shivani Ltd. **(12 Marks)**

**Q.2)** Sigma Company had the following activities during the year ended March 31, 2018

i) Purchased Investments Rs 65000

ii) Paid Dividend Rs 1200

iii) Sold Investments worth Rs 38000 at Loss of Rs 4000

iv) Repaid bank Loan Rs 2100

v) Constructed a building for Rs 780000

vi) Issued Convertible debenture Rs 17000

vii) Sold a plant at Rs 52000(Cost Rs 95000, Carrying Amount Rs 43000)

viii)Redeemed Debenture Rs 4700

ix) Purchased a plant Rs 158000

x) Converted Debenture into equity Shares Rs 11000

xi) Purchased machinery on credit Rs. 25,000

1. Compute cash from financing activities
2. Compute cash from investing activities

**(4 Marks + 4 Marks = 8 Marks)**

**Q.3)** Ms. Priyanka Gupta was selected as a Financial Analyst with Grant Thorton and was entrusted to analyse the financial statements of Maruti Suzuki India Ltd., a leading automobile company on India. She calculated the profitability, solvency and liquidity ratios of the company, while the first two set of ratios appeared to be as per her expectations, she was startled at her findings of liquidity ratios. She immediately rushed to her reporting manager to understand the reason behind such findings.

* 1. You are required to analyse profitability and solvency position of Maruti Suzuki Ltd from the financial statements of the company.

**(4 Marks + 4 Marks =8 Marks)**

* 1. Also help Priyanka understand the financial position of the company with a detailed examination of its liquidity position. **(4 Marks)**
  2. Prepare common size statement for profit and loss account. **(5 Marks)**
  3. Based on the information given below, calculate the DU PONT Ratios. **(3 Marks)**

Balance sheet of Maruti Suzuki Ltd.

As at March 31, 2016 (Figures in Rs. Crore)

|  |  |  |
| --- | --- | --- |
|  | **Mar 16** | **Mar 15** |
| **EQUITIES AND LIABILITIES** | |  |
| Equity Share Capital | 151 | 151 |
| Reserves and Surplus | 26,856.10 | 23,553.20 |
| **Total Shareholders Funds** | **27,007.10** | **23,704.20** |
| Long Term Borrowings | 0 | 144.8 |
| Deferred Tax Liabilities [Net] | 474.1 | 481 |
| Other Long Term Liabilities | 122.4 | 105.4 |
| Long Term Provisions | 302 | 292.6 |
| **Total Non-Current Liabilities** | **898.5** | **1,023.80** |
| Short Term Borrowings | 77.4 | 35.4 |
| Trade Payables | 7,013.30 | 5,561.40 |
| Other Current Liabilities | 2,364.80 | 1,865.80 |
| Short Term Provisions | 1,834.50 | 1,360.40 |
| **Total Current Liabilities** | **11,290.00** | **8,823.00** |
| **Total Capital And Liabilities** | **39,195.60** | **33,551.00** |
| **ASSETS** | |  |
| Tangible Assets | 12,420.90 | 11,967.00 |
| Intangible Assets | 346.9 | 292.3 |
| Capital Work-In-Progress | 1,006.90 | 1,882.80 |
| **Fixed Assets** | **13,774.70** | **14,142.10** |
| Non-Current Investments | 16,912.70 | 9,817.60 |
| Long Term Loans And Advances | 1,349.70 | 1,349.30 |
| Other Non-Current Assets | 9 | 44.1 |
| **Total Non-Current Assets** | **32,046.10** | **25,353.10** |
| Current Investments | 873 | 2,996.40 |
| Inventories | 3,132.10 | 2,615.00 |
| Trade Receivables | 1,298.60 | 1,069.80 |
| Cash And Cash Equivalents | 39.1 | 18.3 |
| Shor Term Loans And Advances | 1,556.50 | 1,172.80 |
| Other Current Assets | 250.2 | 325.6 |
| **Total Current Assets** | **7,149.50** | **8,197.90** |
| **Total Assets** | **39,195.60** | **33,551.00** |

**Profit and Loss Account**

**For the year ending March 31, 2016 (Figures in Rs. Crore)**

|  |  |  |
| --- | --- | --- |
|  | **Mar 16** | **Mar 15** |
| Revenue From Operations [Net] | 56,350.40 | 48,605.50 |
| Other Operating Revenues | 1,395.90 | 1,365.10 |
| Other Income | 461.9 | 831.6 |
| **Total Revenue** | **58,208.20** | **50,802.20** |
| Cost of Materials Consumed | 35,706.90 | 32,867.80 |
| Purchase Of Stock-In Trade | 3,126.40 | 2,665.20 |
| Changes In Inventories Of FG,WIP And Stock-In Trade | 6.9 | -455.9 |
| Employee Benefit Expenses | 1,988.70 | 1,606.60 |
| Finance Costs | 81.5 | 206 |
| Depreciation And Amortisation Expenses | 2,823.90 | 2,470.30 |
| Other Expenses | 7,938.90 | 6,574.00 |
| **Total Expenses** | **51,673.20** | **45,934.00** |
| **Profit/Loss Before Tax** | **6,535.00** | **4,868.20** |
| Total Tax Expenses | 1,963.60 | 1,157.00 |
| **Net Profit** | **4,571.40** | **3,711.20** |