

[This question paper contains 8 printed pages.]

Your Roll No.....

Sr. No. of Question Paper : 611

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Unique Paper Code : 2922061103

Name of the Paper : Financial Accounting and Analysis

Name of the Course : **Bachelor of Management Studies**

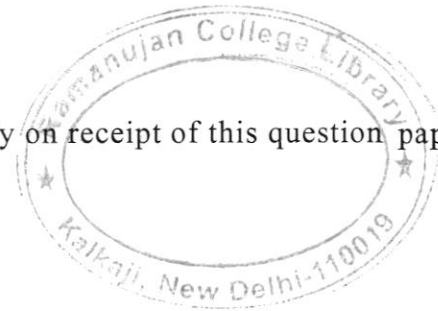
SemesterèScheme : I

Duration : 3 Hour

Maximum Marks : 90

Instructions for Candidates

1. Write your Roll No. on the top immediately on receipt of this question paper.
2. The Question paper contains 5 questions.
3. All questions are compulsory.
4. Use of Simple calculator is allowed.



1. On Aug 1, 2023, Jyoti Gupta established Trailblazers, a firm providing leadership advisory services. She carried out the following transactions in that month :

Aug 1	Invested Cash Rs. 10,000
Aug 2	Took a bank loan Rs. 8000
Aug 2	Bought a camera from Croma Enterprises costing Rs. 8000 on down payment of Rs. 5000 by cheque and rest to be paid in three equal installments at the end of each month

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Aug 3	Bought software for cash Rs. 1000
Aug 5	Bought office supplies for cash Rs. 1100
Aug 6	Received cash as advance from customer Rs. 2500
Aug 8	Provided services for cash Rs. 9600
Aug 9	Billed customers for services Rs. 4000
Aug 10	Returned defective office supplies immediately for cash refund Rs. 550
Aug 12	Received cash from customers Rs 4000
Aug 15	Paid Rs. 1000 to content creator for promotion by cheque
Aug 20	Withdrew Rs. 1000 for personal use from firm's bank account
Aug 31	Paid the instalment on camera by cheque
Aug 31	Paid interest on bank loan Rs. 400

Pass the necessary Journal entries in the books of the firm for the month of Aug 2023. Prepare the Cash account in the Ledger of the firm. (20)

2. From the following Trial Balance of M/S SitaRam Traders, prepare the Trading and Profit & Loss Account for the year 2022-23 and Balance Sheet as at 31st March, 23 after taking into account the adjustments given below the Trial Balance.

Particulars	Dr. (Amount in Rs)	Cr. (Amount in Rs)
Stock as on 1.4.2022	5,00,000	
Purchases and Returns	31,00,000	45,000
Sales & Returns	55,000	41,50,000
Cash in Hand	2,50,000	
Cash at Bank	5,00,000	
Capital		22,59,200
Rates & Taxes	50,000	
Drawings	45,000	
Postage	95,000	
Salaries	1,05,000	
Insurance	90,000	
Salesman Commission	78,000	
Printing & Stationery	95,500	
Advertisement	1,70,000	
Furniture & Fittings	5,50,000	
Motor Car	48,000	
Discount	50,000	75,000
General Expenses	65,700	
Carriage Inward	10,000	
Carriage Outward	22,000	
Wages	50,000	
Sundry Debtors	10,00,000	
Sundry Creditors		4,00,000
	69,29,200	69,29,200

Additional Information :

- (i) Closing Stock as on 31.3.2023 Rs. 1,45,000
- (ii) Proprietor had withdrawn goods worth Rs. 50,000 during the year.
- (iii) Purchases include purchases of furniture worth Rs. 1,00,000
- (iv) Rs. 50,000 are to be written off as bad debts
- (v) Depreciate Furniture & Fittings by 10% and Motor Car by 20%.
- (vi) Salesman is entitled to a commission of 2% on total net sales.

(20)

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3. You are given the Statement of Profit & Loss and Balance Sheet of Dr Reddy's Laboratories (DRL). Study the financial statements and answer the questions that follow :

Dr Reddy's Statement of Profit & Loss

Particulars	For the year ended 31.3.23 (Rs. Million)
Income	
Sales	162989
Service income and license fees	6002
Other Operating income	634
Total Revenue from Operations	169625
Other Income	5913
Total Income	175538
Expenses	
Cost of materials consumed	31614
Purchase of Stock in Trade	17793
Changes in inventories	1295
Employee benefit expense	28326
Depreciation and Amortisation Expense	9283
Finance costs	169
Selling and Other Expenses	48398
Total expenses	136878
Profit Before Tax	38660
Tax Expense	
Current Tax	8641
Deferred Tax	3891
Profit for the year	26128

Dr Reddy's Balance Sheet as at 31st Mar'23

ASSETS	As at 31.3.23 (Rs. Million)
Non Current Assets	
Property, Plant & Equipment	47,379
Capital Work in Progress	8991
Goodwill	853
Other Intangible Assets	23,835
Intangible Assets under Development	139
Financial Assets	
Investments	31,422
Loans	11
Other Financial Assets	533
Tax Assets	2546
Other Non-current Assets	156
Current Assets	
Inventories	30,430
Financial Assets	
Investments	42,978
Trade Receivables	42,889
Cash & Cash Equivalents	1838
Other Bank Balances	5,335
Other Financial Assets	2,224
Other Current Assets	12,189
Total Assets	2,53,748
EQUITY AND LIABILITIES	
Equity	
Equity Share Capital	833
Other Equity	203,909
Liabilities	
Non-Current Liabilities	
Financial Liabilities	
Lease Liabilities	286
Provisions	79
Deferred tax Liabilities	3,392
Other non-current liabilities	852

Current Liabilities	
Financial Liabilities	
Borrowings	6
Lease Liabilities	216
Trade Payables	17780
Other Financial Liabilities	15369
Provisions	3052
Other Current liabilities	7974
Total equity and liabilities	253748

You are given the following additional information :

- (i) Total Comprehensive Income for the year was Rs. 25594 (Rs. Millions)
- (ii) Total outstanding shares at the end of the year were 166,527,876.
- (iii) The closing share price of DRL on 31st Mar, 23 was Rs. 4621.50

In the next financial year, the following parties have to act based on their evaluation of DRL's financial statements :

- (i) State Bank of India is examining a request from DRL for long term financing.
- (ii) Arvind Chemicals is considering the supply of raw materials on credit to DRL.
- (iii) Mr. Kamlesh, a retired bank manager is considering investing some of his retirement benefits in DRL's shares.

You can consider the following industry averages for selected ratios as given below :

Net Profit Margin	4.2%
Asset Turnover	1.7 times
Return on Assets	7.4 %
Return on Equity	11%
Earnings per share	Rs. 4.21
Current Ratio	1.46
Quick Ratio	1.12
Debt-Equity	2.3
Interest Cover	4.13
Price Earnings ratio	27 times

You are required to calculate two most suitable ratios each relevant to the three decision makers respectively and based on your analysis of the ratios, make appropriate recommendations for the three parties. (20)

4. Explain the salient features of IND-AS 1 (Presentation of Financial Statements). You are given the following cash pattern of 4 companies from Operating, Investing and Financing Activities as per their Statement of Cash Flows. Comment on the financial health of the company based on its Cash Flow from different sources:

Company	Cash Flow from Operating	Cash Flow from Investing	Cash Flow from Financing
A	Positive	Negative	Negative
B	Negative	Positive	Negative
C	Negative	Negative	Positive
D	Positive	Positive	Negative

(20)

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5. Identify and explain the accounting concepts by virtue of which the following items are recognised as such in the Financial Statements:

(i) Cash withdrawn by the owner is treated as Drawings

(ii) Any expense due but not paid is recognised in the accounting period to which it belongs. (10)