

PGDM-RM, 2015-17

Financial and Managerial Accounting

RM 106

Trimester – I, End-Term Examination: September 2015

Time Allowed: 2 Hrs 30 mins

Max

Marks: 50

Sec A

(Answer any three questions out of five. Each question carries five marks)

1. “Without considering the assumption of consistency Concept, preparation of Balance Sheet and Income Statement may lose its significance” – Discuss the importance of ‘Consistency’ concept from an analyst’s point of view.
2. Illustrate the use of CVP analysis in decision making.
3. ‘Manipulation of inventory valuation is self-defeating’ – Explain.
4. ‘It is mandatory for the publicly listed joint stock companies to publish the audited financial results’ – Explain with reasoning.
5. ‘Budgetary control is an important part of financial planning and control’ - Discuss.

Sec B

(Answer any two questions out of three. Each question carries ten marks)

6. A company has prepared the following budget, covering its operations for the forthcoming year:

Sales: INR 10000

Annual fixed cost: INR 50000

Selling price per unit: INR 20

Variable cost per unit: INR 12

i) Compute budgeted PV Ratio

ii) BEP

iii) Margin of Safety
(10 marks)

7. Show the accounting equation on the basis of following transactions, and present a balance sheet on the basis of ending equation:

Sl No	Particulars	Amount (Rs.)
a)	Rina brought in to the business her personal laptop costing	50000
b)	Provided services for cash	23000
c)	Bought office equipment on credit	25000
d)	Billed clients for services	16000
e)	Paid rent deposit for office	10000
f)	Collected payments from clients in (d)	12300
g)	Withdrew cash for personal use	9000
h)	Paid electricity expenses	1700
i)	Paid salary to office assistant	2000

(10 marks)

8. Explain the problems concerning control of operations, that a manufacturing company can be expected to experience, if it uses a standard costing system during periods of rapid inflation.

Sec C

(Compulsory)

9. Sudhir wants to assess the financial health of Shalimar Paints Ltd. (SPL), but not very sure about it. Please help Sudhir by *calculating and analyzing* the following financial ratios from **attached financial statements of SPL (2013-14)**. The market value of equity of SPL on 31st March, 2014 is around INR 3625 crores.

i) Liquidity Ratios, and

ii) Profitability Ratios

(7.50 marks x 2)

SHALIMAR PAINTS LTD.

Standalone Balance Sheet

as at March 31, 2014

(₹ in Lacs)

	Note No.	March 31, 2014	March 31, 2013
I. EQUITY AND LIABILITIES			
1. Shareholders' fund			
(a) Share Capital	2.1	378.57	378.57
(b) Reserve and Surplus	2.2	6,951.63	7,122.12
		7,330.20	7,500.69
2. Non-Current Liabilities			
(a) Long Term Borrowings	2.3	1,344.68	705.30
(b) Deferred Tax Liabilities (Net)	2.4	177.47	257.98
(c) Other Long Term Liabilities	2.5	33.70	54.29
(d) Long Term Provisions	2.6	778.31	697.22
		2,334.16	1,714.79
3. Current Liabilities			
(a) Short Term Borrowings	2.7	9,649.70	8,104.63
(b) Miscellaneous Receipts (note 2.46)	2.8	16,182.13	16,434.40
(c) Other Current Liabilities	2.9	2,618.51	2,747.28
(d) Short Term Provisions	2.10	10.43	168.91
		28,460.77	27,455.22
Total		38,125.13	36,670.70
II. ASSETS			
1. Non Current Assets			
(a) Fixed Assets	2.11		
(i) Tangible Assets		2,946.62	3,067.52
(ii) Intangible Assets		190.25	120.36
(iii) Capital Work-in-Progress		1,763.60	787.54
(b) Non Current Investment	2.12	84.73	80.73
(c) Long Term Loans and Advances	2.13	182.41	126.82
		5,167.61	4,182.97
2. Current Assets			
(a) Inventories	2.14	12,135.26	13,196.54
(b) Trade Receivable	2.15	15,966.83	15,447.61
(c) Cash and Cash Equivalents	2.16	446.29	1,515.84
(d) Short Term Loans and Advances	2.17	1,330.51	1,195.34
(e) Other Current Assets	2.18	3,078.63	1,132.40
		32,957.52	32,487.73
Total		38,125.13	36,670.70

Significant Accounting Policies and Notes on Accounts 1 & 2

Notes referred to above form an integral part of the Accounts.
This is the Balance Sheet referred to in our report of even date.

For CHATURVEDI & PARTNERS
Chartered Accountants
(Firm Regn. No. 307068E)

For and on behalf of the Board

A. K. Dubey
Partner
(Mem. No. 054975)

Ratan Jindal
Director

New Delhi
May 30, 2014

Pumit Chellaramani
Company Secretary

Sameer Nagpal
MD & CEO

Standalone Statement of Profit and Loss

For the year ended March 31, 2014

Particulars	Note No.	(₹ in Lacs)	
		2013-14	2012-13
I. Revenue from Operations	2.19	53,981.67	56,300.37
Less : Excise Duty		5,677.00	6,133.52
		48,304.67	50,166.85
II. Other Income	2.20	648.28	13.32
III. Total Revenue (I + II)		48,952.95	50,180.17
IV. Expenses			
Cost of materials consumed	2.21	31,591.30	34,283.27
Purchases of Stock-in-trade	2.22	3,624.06	2,366.99
Changes in inventories of finished goods, work-in-progress and Stock-in-trade	2.23	(45.81)	(1,248.80)
Employee benefits expense	2.24	3,821.76	2,871.42
Finance Costs	2.25	2,097.48	1,657.62
Depreciation and amortization expense	2.11	367.71	384.09
Other expense	2.26	7,856.47	8,087.48
Total Expenses		49,312.97	48,402.07
V. (Loss) / Profit before exceptional and extraordinary items and tax (III-IV)		(360.02)	1,778.10
VI. Exceptional Items		-	211.78
VII. (Loss) / Profit before extraordinary items and tax (V - VI)		(360.02)	1,566.32
VIII. Extraordinary items		-	-
IX. (Loss) / Profit before tax (VII - VIII)		(360.02)	1,566.32
X. Tax expense			
(1) Current Tax		-	489.38
(2) Deferred Tax		(80.51)	(24.87)
		(80.51)	464.51
XI. Profit/(Loss) for the period (IX+ X)		(279.51)	1,101.81
XII. Earnings per equity share :	2.40		
Basic		(1.47)	5.82
Diluted		(1.47)	5.75
Significant Accounting Policies and Notes on Accounts	1&2		

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