

[This question paper contains 8 printed pages.]

Your Roll No.....

Sr. No. of Question Paper : 2121

I

Unique Paper Code : 2922061103

Name of the Paper : Financial Accounting and Analysis

Name of the Course : Bachelor of Management Studies

Semester : I

Duration : 3 Hours

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 1st September 2024, Rajiv Mehra established a renovation firm. He received 'Revenue from services' by renovating/furnishing client's houses and office space(s). The following transactions took place during the first month :

1st Sep. He began business with Rs. 2,00,000 in bank

2nd Sep. Hired Assistant on a monthly salary of Rs. 15,000. Paid two month's rent in advance for a shop Rs. 20000

P.T.O.

- 5th Sep. Bought furniture for office Rs. 40000
- 8th Sep. Received Rs 50000 by cheque for renovating client's kitchen
- 11th Sep. Paid for an advertisement that appeared in the local newspaper Rs. 1400
- 15th Sep. Received Rs 30,200 cheque for furnishing client's office.
- 16th Sep. Renovated client's office space for Rs. 53000 and billed the client for the same
- 23rd Sep. Paid electricity charges Rs. 3400 by cheque
- 25th Sep. Took Loan, from Bank Rs. 50,000
- 26th Sep. Received cheque for part payment from customers billed on September 16, Rs. 48000
- 27th Sep. Bought interior design software for Rs. 60000
- 30th Sep. Paid Salary to Assistant by cheque

Pass the necessary Journal entries in the books of the firm for the month of September 2024. Prepare the Bank Account in the Ledger of the firm.

(20)

2. From the following Trial Balance of M/S Monga Traders, prepare the Trading and Profit & Loss Account for the year 2023-24 and Balance Sheet as at 31st March, 24 after taking into account the adjustments given below the Trial Balance.

Particulars	Debit (Amount in Rs.)	Credit (Amount in Rs.)
Drawings	35,000	
Building	60,000	
Debtors and Creditors	50,000	80,000
Returns	3,500	2,900
Purchases and Sales	3,00,000	4,65,000
Discount	7,100	5,100
Life insurance premium	3,000	
Cash in hand	30,000	
Opening Stock	12,000	
Bad debts	5,000	
Provision for bad debts		17,000
Carriage inwards	6,200	
Wages	27,700	
Machinery	8,00,000	
Furniture	60,000	
Office Expenses	35,000	
Bank Charges	2,000	
Cash at Bank	60,000	
Loan		40000
Trade expenses	13,500	
Capital		9,00,000
	15,10,000	15,10,000

Additional Information :

- (i) Depreciate building by 5% p.a and machinery by 10% p.a. Machinery of Rs. 60,000 was purchased on 1st Oct'23.
- (ii) Trade expenses of Rs. 2,500 have not been paid as yet.

P.T.O.

- (iii) Wages include Rs. 3,500 paid in advance.
- (iv) Debtors include Rs. 15000 due from M/S Aggarwal and Sons who have been declared bankrupt. Provision for Bad Debts should be 10% of closing debtors.
- (v) Wages include Rs 5,700 spent on the installation of machinery purchased on 1st Apr'23.
- (vi) Stock on 31st March 2023 was valued at Rs. 50,000. (20)
3. You are given the Balance Sheet and Statement of Profit & Loss of Spice Jet for the year 2022-23 (latest available statements). The company is facing various insolvency petitions from its creditors and lenders as on date.

Statement of Profit & Loss for the year 2022-23

Particulars	(Rs. millions)
Revenue	
Revenue from Operations	88,688.40
Other Income	9,909.10
Total Income	98,597.50
Expenses	
Operating Expenses	74,057.59
Purchases of stock in trade	957.84
Changes in inventories of stock in trade	(54.92)
Employee Benefit expenses	8,438.71
Sales and Marketing expenses	2,278.11
Other Expenses	6,462.02
Foreign Exchange loss (net)	6,789.51
Total expenses	98,928.86
Depreciation and amortisation expense	(10,193.64)
Finance Income	551.36
Finance costs	(5,056.51)
(Loss) Before Tax	(15,030.15)
Tax Expense	-
(Loss) for the year	(15,030.15)

Balance Sheet as at 31st March, 2023

ASSETS	As at 31.3.23 (Rs. millions)
Non-Current Assets	
Property, Plant & Equipment	12,052.22
Capital Work in Progress	60.27
Right of use Assets	27,672.57
Intangible Assets	6.21
Financial Assets	30861.77
Income Tax Assets	1,311.15
Other Non-current Assets	9,649.78
Total non-current Assets	81,613.97
Current Assets	
Inventories	1563.21
Financial Assets	75,363.38
Other Current Assets	4,687.38
Total Current Assets	21,183.77
Total Assets	102,797.74
EQUITY AND LIABILITIES	
Equity	
Equity Share Capital	6,018.46
Other Equity	(38,334.53)
Total Equity	(32,316.07)
Liabilities	
Non-Current Liabilities	
Financial Liabilities	
Borrowings	8073.3
Lease Liabilities	28,440.69
Provisions	1,504.91
Other non-current liabilities	101.53
Total non-current liabilities	38,120.43

Current Liabilities	
Financial Liabilities	
Borrowings	7,196.77
Lease liabilities	33,188.78
Trade Payables	28,747.15
Other Financial Liabilities	1,728.18
Provisions	4,158.33
Other Current liabilities	21,974.17
Total current liabilities	96,993.38
Total Equity and liabilities	102,797.74

Notes :

- (i) The company does not have any outstanding preference shares
- (ii) Other Equity comprises of Negative Retained Earnings of 74,107.83 (in Rs. millions)
- (iii) The company had 601.84 million equity shares outstanding at as 31st Mar, 2023 and the closing market price per share as on that day was Rs. 30.31.

Required :

- (i) Calculate Current ratio, Quick Ratio and Debt-equity ratio of Spice Jet for the year 22-23.
- (ii) Calculate the Altman Z score of Spice Jet company for the year 2022-23 and based on its value, comment on the company's bankruptcy possibility.

(20)

4. (i) Explain the meaning of '*Cash and Cash Equivalents*' as per IND-AS 7 (Statement of Cash Flows). Explain the difference between Operating, Financing and Investing Activities with examples. (8)
- (ii) You are given the following data extracted from the Statement of Cash Flows of two companies: Alpha and Beta Ltd for the year ended 31.3.24

	Delta Ltd.	Gamma Ltd.
Particulars	Amount (in Rs.)	Amount (in Rs.)
Profit before Tax	640000	(280000)
Net Cash generated (used) from Operating Activities	400000	(150000)
Net Cash generated (used) by Investing Activities	(550000)	300000
Net Cash generated (used) by Financing Activities	350000	(190000)
Net increase (decrease) in cash & cash equivalents	200000	(40000)

Answer the following questions based on the above information:

- (a) Based on the pattern of Cash Flows of the two companies, which company seems to be performing better?
- (b) What could be possible reasons for negative cash flow in investing (Delta Ltd.) and Negative Cash Flow in Financing (Gamma Ltd.)?
- (c) What do you think could be the reasons for the difference between the amount of Profit Before Tax and Cash Flow from Operating Activities of Delta Ltd.? (12)

5. Write short notes on any **two** of the following :

- (a) Limitations of Financial accounting
- (b) Advantages of International Financial Reporting Standards (IFRS)
- (c) Any one content of Annual Report (10)