JAIPURIA
INSTITUTE OF MANAGEMENT
LUCKNOW NOIDA JAIPUR INDORE

JAIPURIA INSTITUTE OF MANAGEMENT

POST GRADUATE DIPLOMA IN MANAGEMENT

FIRST TRIMESTER (BATCH 2016-18)

Re-Appear END TERM EXAMINATIONS

Course Name	Accounting for decision making	Course Code	FIN101
Max. Time	2 hrs	Max. Marks	40

Note: Attempt All Questions

Q.1) Zenith Ltd sold 50000 audio CD's at Rs 30 during the year. Its beginning inventory consisted of 10000 CDs at Rs 19 per CD. The following purchases were made during the year 15000 CDs @ Rs 20, 10000 CDs @ Rs 21, 20000 CDs @ Rs 22, 10000 CDs @ Rs 23. Operating Expenses were Rs 185000. Income tax is payable @ 40%. The company follows Periodic Method of Valuation for Inventory

a) Compute Net Profit using FIFO and WAC method (5)
b) How does change in method may impact the valuation of company (5)

Q.2) The following is the Profit & loss account of Star Ltd. for the year closing March 2014 and its balance sheets as on 31 March 2014 and 31 March 2013:

Profit & Loss account for 2014 (Rs.'000)

Sales	700
Cost of Goods Sold	(520)
Gross Profit	180
Operating Expenses	(150)
Operating Profit	30
Other Income (Expenses)	
Interest Expense	(22)
Interest Income	6
Gain on sale of Investment	10
Loss on Sale of Equipment	(2)
Net Profit before taxation	22
Income Tax	(6)
Net Profit	16

Balance Sheet as at 31 March 2014 and as on 31 March 2013 (Rs.'000)

	31 March.2014	31 March .2013
Assets:		
Plant & Equipment	720	510
Accumulated Depreciation	(105)	(70)
	615	440
Long term Investments	115	125
Current Assets:		
Inventory	145	115
Accounts Receivable	45	55
Cash	45	15
Prepaid Expenses	1	5
	966	**755**
Liabilities:		
Share Capital	460	320
Reserves & Surplus	140	132
Bonds	300	250
Current Liabilities:		
Accounts Payable	47	38
Accrued Liabilities	15	10
Income tax Payable	4	5
	966	**755**

The following additional information on transaction for 2013-2014 is provided by the company:

1. Purchased investment for Rs.80000
2. Sold Equipment that cost Rs.10000 with accumulated depreciation of Rs.3000
3. Purchased equipment Rs.220000
4. Issued 1400 shares of Rs.100 each at face value
5. Paid cash dividends of Rs.8000
6. Operating Expenses includes depreciation of Rs.38000

Prepare a cash flow statement. (10)

Q.3) The following data is extracted from some financial websites for Novalty Ltd.

Net Profit Margin 7%

Current Ratio 2.5

Net Sales Rs. 6,00,00,000

Current Liabilities Rs.35,00,000

Tax Rate-·30%

Interest Expense Rs.18,00,000

Return on Equity- 20%
No. of Outstanding Shares- 2,10,000
Long term Debt Rs.2,75,00,000
Debtors Rs.30,00,000
Market Price of the Share Rs.120

Using the above data calculate

(i) PAT
(ii) Current Assets
(iii) Interest Coverage Ratio
(iv) Book Value Per Share
(v) Average Debt Collection Period
(vi) Earning Per Share
(vii) Liability to equity Ratio (where Liability includes Long term Debt & Current Liabilities)
(viii) PE ratio

(10)

Q.4) Ajanta Ltd has 1, 00,000 equity shares and 1,000 of 10% debentures of Rs 100 convertible into 10 equity shares each. If for the year ended March 31, 2016, the company has a profit after tax of Rs 5, 00,000 and the corporation tax rate is 35% .What will be its basic EPS and Diluted EPS? (1+3)

Q.5) Illustrate with example difference between

a) Bonus Shares & Stock Split
b) Deferred Tax Asset & Deferred tax liability

(3+3)