Date: 22nd March 2014

Time: 08:00 – 09:00 AM

Venue: VI-LT 2

Max Marks: 20

NOTE:

1. CELL PHONE NOT ALLOWED EVEN IN SWITCHED OFF MODE. KEEP IT AWAY FROM YOU EITHER IN YOUR BAG OR HAND IT OVER TO THE INVIGILATOR DUIRING EXAMINATION.
2. CASH FLOW WHERE REQUIRED IS MUST AND WILL CARRY APPROPRIATE MARKS.
3. USE YOUR OWN CALCULATOR. EXCAHNGE OF CALCULATORS IS NOT ALLOWED.

1. Prepare the three financial statements (viz., "Profit and Loss Statement", "Statement of Retained Earning" and "Balance Sheet") for M/s ABC for the year financial year ending 2012-13 from the data given in the Table 1 below.

Table 1: Inputs on various Financials of M/s ABC as on 31st March 2013

All figures are ₹ in crores

Income from Software Development Services & Products	2603.6	Cash & bank balance (A)	772.2
Buildings & other fixed assets	567.6	Share capital	33.1
Loans & Advances	643.9	Additional paid in capital (E)	44.4
Other income	66.4	Admin & other expenses	211.4
Software development expenses	1,224.8	Selling & Mkt expenses	129.8
Sundry debtors	336.7	Capital work in progress	150.7
Current liabilities	126.1	Provisions for other liabilities (L)	333.3
Deferred Tax Asset	24.2	Depreciation	160.7
Reserves & surpluses	2,047.2	Provision for tax	135.4
Dividend	137.4	Amount transferred to General Reserves	As per statement

8 marks

2. Ramesh buys an office building space for ₹30.0 lakh on 10 years lease. After the purchase of the office space, he also spends another ₹5.0 lakh on office furniture. On the expiry of the lease period Ramesh has to handover the office space in "as is" condition without any salvage. His chartered accountant advises him that his capital expenditure of ₹35.0 lakh though cannot be shown as expenditure for the year for tax purposes; he can show the depreciation in 10 years time for tax purposes. Depreciation for the building assets would however be calculated on sinking fund method. Calculate the actual amount for depreciation expenses for the ten years. Take $i = 12$ per cent.

6 marks

3. A truck was bought 10 years ago for ₹35.0 lakh; its current salvage value (net realizable) is ₹7.0 lakh. It is believed that it can last 5 more years, at which time salvage value (net realizable) will be ₹4.0 lakh. Its operating expenses amount to amount to ₹7.0 lakh per year and they are expected to remain at that level for the next 5 years. The truck is currently being depreciated by straight-line method, using a 15-year life and estimated salvage of ₹5.0 lakh. A new truck can be purchased for ₹32.5 lakh. It will have yearly operating cost of ₹4.5 lakh and would last for 20 years; salvage value after 20 years is estimated at ₹7.5 lakh. Again, straight-line depreciation would be used. Supposing that tax rates are 30% on income and 15% on capital gains (or losses), and that the company's after-

Interest Table for *i* = 12 percent

EOY	P/F	F/P	A/F	F/A	P/A	A/P	F/G	G/F	A/G	G/A	P/G	G/P
1	0.892857	1.120000	1.000000	1.000000	0.892857	1.120000	--	--	--	--	0.000000	1.5441E+
2	0.797194	1.254400	0.471698	2.120000	1.690051	0.591698	1.000000	1.000000	0.471698	2.120000	0.797194	1.254400
3	0.711780	1.404928	0.296349	3.374400	2.401831	0.416349	3.120000	0.320513	0.924609	1.081538	2.220754	0.450297
4	0.635518	1.573519	0.209234	4.779328	3.037349	0.329234	6.494400	0.153979	1.358852	0.735915	4.127309	0.242289
5	0.567427	1.762342	0.157410	6.352847	3.604776	0.277410	11.273728	0.088702	1.774595	0.563509	6.397016	0.156323
6	0.506631	1.973823	0.123226	8.115189	4.111407	0.243226	17.626575	0.056733	2.172047	0.460395	8.930172	0.111980
7	0.452349	2.210681	0.099118	10.089012	4.563757	0.219118	25.741764	0.038847	2.551465	0.391932	11.644267	0.085879
8	0.403883	2.475963	0.081303	12.299693	4.967640	0.201303	35.830776	0.027909	2.913144	0.343272	14.471450	0.069102
9	0.360610	2.773079	0.067679	14.775656	5.328250	0.187679	48.130469	0.020777	3.257417	0.306992	17.356330	0.057616
10	0.321973	3.105848	0.056984	17.548735	5.650223	0.176984	62.906126	0.015897	3.584653	0.278967	20.254089	0.049373
11	0.287476	3.478550	0.048415	20.654583	5.937699	0.168415	80.454861	0.012429	3.895255	0.256723	23.128850	0.043236
12	0.256675	3.895976	0.041437	24.133133	6.194374	0.161437	101.109444	0.009890	4.189653	0.238683	25.952276	0.038532
13	0.229174	4.363493	0.035677	28.029109	6.423548	0.155677	125.242577	0.007985	4.468304	0.223799	28.702366	0.034840
14	0.204620	4.887112	0.030871	32.392602	6.628168	0.150871	153.271686	0.006524	4.731688	0.211341	31.362424	0.031885
15	0.182696	5.473566	0.026824	37.279715	6.810864	0.146824	185.664289	0.005386	4.980303	0.200791	33.920171	0.029481
16	0.163122	6.130394	0.023390	42.753280	6.973986	0.143390	222.944003	0.004485	5.214664	0.191767	36.366996	0.027497
17	0.145644	6.866041	0.020457	48.883674	7.119630	0.140457	265.697284	0.003764	5.435297	0.183983	38.697306	0.025842
18	0.130040	7.689966	0.017937	55.749715	7.249670	0.137937	314.580958	0.003179	5.642737	0.177219	40.907979	0.024445
19	0.116107	8.612762	0.015763	63.439681	7.365777	0.135763	370.330673	0.002700	5.837524	0.171305	42.997901	0.023257
20	0.103667	9.646293	0.013879	72.052442	7.469444	0.133879	433.770354	0.002305	6.020203	0.166107	44.967569	0.022238