

Financial Reporting and Analysis

End - Term (Exam Date: 21.08.2014)

Time: 2 ¼ hrs, Closed Book MM: 50

Note: Attempt all questions.

Qs.1(a) A multinational pharmaceutical company with a turnover exceeding Rs. 2,500 crores bought an IT equipment costing Rs.4,500/- during the financial year ending 31<sup>st</sup> March, 2014. Since its estimated life was 4 years, the company's accounting manager made an effort to reflect this item in the company's Balance Sheet. The company's external auditor, however, took a different viewpoint on this accounting treatment and raised a red flag. Categorically state whether the auditor or the accounting manager is right and why. A very concise and precise answer required. (Word limit: 50).

Qs.1 (b) Under which heading (Operating / Investing / Financing Activities) will the following cash flows be classified in a corporate Cash Flow Statement?(No explanations required).

1. Interest paid on long-term borrowings
2. Sale of Fixed Assets
3. Increase in inventories
4. Direct Taxes Paid
5. Dividends received

(5 + 5 = 10 marks)

Qs-5

<p>need analysis        ↳ part employment needs        Ratio analysis        Scatter plot - relationship        Qualification inventory        Personnel replacement chart        position replacement chart</p>	<p>Recruiting Yield Pyramid.        Succession Planning        Longgoing process        ↳ identifying, assessing, developing leaders.        Applicant Tracking System.        OPRS or Demand Security Service.</p>
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Qs-8

training 4 steps

- ↳ need analysis
- ↳ Instructional design
- ↳ implement
- ↳ evaluate

Implementation

training needs analysis

- ↳ task analysis
- ↳ competency analysis

Perf. analysis

Qs.2 Following are the slightly modified Balance Sheet and Statement of Profit and Loss of Nestle India Ltd.-

Balance Sheet		(Rs. Crores)	
	2012	2011	
<b>EQUITY AND LIABILITIES:</b>			
Share Capital	96	96	
Reserves and Surplus	1702	1178	
Long term borrowings	1050	725	
Long term provisions	1187	935	
Short-term borrowings	0	246	
Trade payables (Current)	539	481	
Other Current Liabilities	558	529	
Short-term provisions	31	212	
	5163	4402	
<b>ASSETS:</b>			
Gross Block	4369	2493	
Less : Accumulated Depreciation	1164	918	
Net Block	3205	1575	
Capital Work-in-Progress	344	1372	
Long-term loans & advances	125	164	
Current investments	365	134	
Inventories	745	736	
Trade receivables	88	115	
Cash and bank balances	237	227	
Loans and advances	54	79	
	5163	4402	

## Statement of Profit and Loss

Rs. Crores

	2012	2011
Revenue from Operations (Gross)	8645	7725
Excise Duty	280	183
Revenue from Operations (Net)	8365	7542
<b>Expenses:</b>		
Raw Materials Consumed	3757	3539
Purchase of Stock-in-trade	112	115
Changes in inventories of Finished Goods, WIP and Stock-in-Trade	-92	-48
Employee benefits expense	663	546
Finance costs	27	5
Depreciation	309	202
Other Expenses	2037	1736
Profit Before Tax	1552	1387
Tax	485	426
Profit After Tax	1067	961

**Note:** The face value of the company's share is Rs. 10 and the market prices of its shares on the balance sheet dates of 2012 and 2011 were Rs. 5,372 and Rs. 4,528 respectively. Dividend paid by the company for each of the two years was Rs. 468 crores.

2 (A) (i) Do a horizontal analysis of Nestle India Ltd.'s Statement of Profit & Loss. *Take previous year as base*

2 (A) (ii) Do a vertical analysis of Nestle India Ltd.'s Statement of P & L. (20 marks) *Take*

2 (B) Calculate the following ratios (as defined) for Nestle India Ltd. for the years 2012 and 2011 and briefly comment. Take closing figures, instead of averages, where averages are not possible.

1. Times interest earned (EBIT / Interest)
2. ROE (NPAT / Avg. Shareholders' Equity) (%)
3. D/E ratio (Long-term debt / Equity)
4. Operating Profit Margin (PBDIT / Net Sales) (%)

5. EPS (NPAT / No. of Equity Shares) (Page 3 of 4)  
6. P/E ratio (MPS / EPS)  
7. Inventory Turnover (Cost of Goods Sold / Avg. Inventory)  
8. Fixed Assets Turnover (Net Sales / Avg. Fixed Assets)  
9. Dividend Pay-out (Dividend Paid / NPAT) (%)  
10. Dividend Yield (DPS / MPS) (%)

(20 marks)

Pg - 20, 21, 22

45, 46, 47

62, 63, 64

~~84, 85, 86, 87~~

~~45, 47~~

120, 121, 122

146, 147, 148

152, 153

175, 176, 177

199, 200, 201

224, 225, 226

250, 251, 252

262, 263

21-08-2013

IMT, Ghaziabad  
PGDM – Batch: 2013 -15

Roll No. 1301-312

Term I  
Financial Reporting and Analysis  
End - Term

Time: 2 ¼ hrs, Closed Book

MM: 50

Note: Attempt all questions.

Qs.1 Following are the slightly modified Balance Sheets and Statements of Profit and Loss of a leading Indian FMCG Company -

Balance Sheet

Rs. Crores

	As at March 31, 2013	As at March 31, 2012	As at March 31, 2011
Shareholders' Funds			
Share capital	174.29	174.21	174.07
Reserves and surplus	1420.49	1129.06	927.09
Non-current liabilities			
Long-term borrowings	0.84	1.14	5.51
Deferred Tax Liabilities (Net)	34.18	27.11	17.4
Long-term provisions	39.65	40.49	360.0
Current liabilities			
Short-term borrowings	240.74	272.13	246.5
Trade payables	604.14	522.28	494.86
Other current liabilities	133.64	122.4	37.77
Short-term provisions	179.92	162.71	144.71
TOTAL	2827.89	2451.53	2407.91
Assets			
Non-current assets			
Fixed assets:			
Tangible assets	603.71	578.19	492.53
Intangible assets	12.87	7.14	5.03
Capital work-in-progress	17.07	11.58	4.37

	13.	f2	11
Non-current investments	234.97	159.48	102.11
Long-term loans and advances	8.7	18.57	323.61
Other non-current assets	213.18	83.84	82.94
Current assets			
Current investments	494.44	393.24	417.38
Inventories	499.74	528.57	460.59
Trade receivables	255.32	224.17	202.46
Cash and cash equivalents	319.4	261.29	192.41
Short-term loans and advances	116.53	153.25	91.34
Other current assets	51.96	32.21	33.14
TOTAL	2827.89	2451.53	2407.91

Statement of Profit and Loss			Rs. Crores
	For the year ended March 31, 2013	For the year ended March 31, 2012	For the year ended March 31, 2011
Revenue from operations	4349.39	3757.54	3280.61
Other Income	86.89	55.14	26.35
Total Revenue	4436.28	3812.68	3306.96
Expenses:			
Cost of materials consumed	1658.05	1483.7	1274.05
Purchases of stock-in-trade	630.29	602.94	454.91
Changes in inventories of finished goods, work-in-progress and stock-in-trade - (Increase) / decrease	25.83	(59.33)	(78.31)
Employee benefits expenses (Indirect)	281.24	243.37	217.28
Finance costs (Interest)	18.4	14.1	12.0
Depreciation and amortization expenses	73.24	65.88	67.9
Other expenses (Indirect)	999.56	830.1	762.87
Total Expenses	3686.61	3180.76	2710.7
Profit before tax (PBT)	749.67	631.92	596.26
Tax expense:			
Current tax	151.62	114.45	119.4
Deferred tax charge	7.07	9.34	5.45
Profit for the year	590.98	508.13	471.41

749.67

646.02

**Required:**

1. Taking into account the Statement of Profit and Loss and related parameters do a trend analysis of the company's profitability. (10 marks)
2. Calculate the following ratios (as defined) for the last two years and thereafter briefly comment-
  - a) ROA (PAT/Avg. Total Assets) (%) ✓
  - b) ROCE (EBIT/Avg. Capital Employed) (%) ✓
  - c) EPS (PAT/ No. of Shares) (Face value of a share Re. 1) ✓
  - d) Cost of Goods Sold Ratio (Cost of Goods Sold/ Net Sales) (%) ✓
  - e) Fixed Asset Turnover (Sales / Avg. Fixed Assets) ✓
  - f) D/E ratio (Long term debt / Shareholders Equity) ✓
  - g) Interest Coverage (PBIT / Interest) ✓
  - h) Current Ratio (Current Assets / Current Liabilities) ✓
  - i) Inventory Holding Period (360 days/Inventory Turnover) (ITR = CGS/Avg. Inventory) ✓
  - j) Average Collection Period (360 days/Receivables Turnover) (RTR = Credit Sales/Avg. Receivables) ✓

(30 marks)

**Qs. 2**

Following is the extract of Trial Balance of A enterprises as on March 31, 2013 followed by a few adjustments. Reflect the adjustments in a Statement of Profit and Loss and Balance sheet (only one statement of P & L and one Balance Sheet should contain all adjustments) -

Particulars	Amount (Dr)	Amount (Cr)
Salary	15000	
Interest Received		2500
Rent	8000	
Plant and Machinery	80000	
Debtors	50000	

**Additional Information:**

- 1) Salary amounting Rs 1500 is outstanding as on March 31 ✓
- 2) Rent of Rs 1000 has been prepaid ✓
- 3) Charge depreciation of 10% on Plant and Machinery ✓
- 4) Interest of Rs 500 is due but not received ✓
- 5) Create a provision of 5% for bad and doubtful debts. ✓

(10 marks)

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15 FRA

Prof. Ashish Narang

Prof. Sachin Chaudhary

Prof. Pooja A. Gulati

IMT, Ghaziabad

Roll No.....

PGDM - 2015-17

Term I

Financial Reporting and Analysis

End - Term, EXAM date: 12/02/15

Time: 2 ¼ hrs, Closed Book

MM: 50

**Note: Attempt all questions.****Qs.1**

The Trial Balance of ABC Ltd is given below -

**Trial Balance**

as on 31st March, 2015

Rs. in crores

Account Head	Debit	Credit
Share Capital		20
Securities Premium		70
General Reserve		325
Surplus - Profit & Loss		100
13% Debentures		110
11% Term Loans		180
Sales (Revenue from Operations)		1100
Interest and dividend		10.1
Accumulated Depreciation		80
Sundry Creditors (Trade Payables)		48
Interest	34.1	
Fixed Assets (Gross block)	400	
Investments (Long-term)	45	
Purchases - Raw Materials	525	
Sundry Debtors (Trade Receivables)	150	
Manufacturing Expenses	55	
Selling & Distribution Exps	123	
Administration Expenses	66	
Loans & Advances (Short Term)	315	
Salary	210	
Cash & Bank balances	35	
Inventories:		
* Raw Materials	45	
* Work in Progress	15	
* Finished goods	25	
	2043.1	2043.1

### Adjustments:

1. Make a provision for bad debts @ 10%.
2. Outstanding administration expenses amounted to Rs. 6 crores
3. Selling expenses include Rs. 4 crores selling commission paid for in advance.
4. Provide Rs. 40 crores as depreciation on fixed assets for the year.
5. Inventories on 31.3.2015 were as under:

	Rs. In crores
• Raw Material	60
• Work in Progress	10
• Finished Goods	20

Prepare the Statement of Profit & Loss, and the Balance Sheet of ABC Ltd. All figures must be in Rs. Crores only.

(20 marks)

### Qs.2 (A)

Given are four Statements of Profit & Loss of Hindustan Unilever Ltd, an FMCG major, for the twelve months ending 31<sup>st</sup> March of 2012, 2013, 2014, and 2015. Do a trend analysis of the company's profitability. Briefly comment.

(15 marks)

### Qs.3 (B)

From the given financial statements of HUL, calculate the following ratios (**as defined**) for the years ended 31<sup>st</sup> March 2015 and 31<sup>st</sup> March 2014. Briefly comment. Take closing figures, instead of averages, where averages are not possible.

1. a) Receivables Turnover Ratio (Gross Revenue from Revenue Operations / Avg. Receivables)  
b) Average Collection Period (365/Receivable Turnover Ratio)
2. a) Inventory Turnover Ratio (Cost of Goods Sold/ Average Inventory)  
b) Inventory Holding Period (365/ Inventory Turnover Ratio)
3. Return on Equity (PAT / Average Equity)
4. Fixed Assets Turnover Ratio (Net Revenue from Operations / Average Fixed Assets)
5. Return on Total Assets ( PAT/Average Total Assets)

(15 Marks)

# STATEMENT OF PROFIT AND LOSS

For the year ended 31st March, 2015

(All amounts in Rs. crores, unless otherwise stated)

	Note	Year ended 31st March, 2015	Year ended 31st March, 2014
<b>REVENUE FROM OPERATIONS (GROSS)</b>	<b>27</b>	<b>32,721.44</b>	<b>29,557.90</b>
Less: Excise duty		(1,915.82)	(1,538.77)
<b>Revenue from operations (net)</b>		<b>30,805.62</b>	<b>28,019.13</b>
Other income	<b>28</b>	618.39	621.03
<b>TOTAL REVENUE</b>		<b>31,424.01</b>	<b>28,640.16</b>
<b>EXPENSES</b>			
Cost of materials consumed	<b>29</b>	11,867.31	11,159.81
Purchases of stock-in-trade	<b>30</b>	3,697.96	3,350.19
Changes in inventories of finished goods (including stock-in-trade) and work-in-progress	<b>31</b>	58.28	(166.38)
Employee benefits expenses	<b>32</b>	1,578.89	1,435.95
Finance costs	<b>33</b>	16.82	36.03
Depreciation and amortisation expenses	<b>34</b>	286.69	260.55
Other expenses	<b>35</b>	8,394.94	7,764.30
<b>TOTAL EXPENSES</b>		<b>25,900.89</b>	<b>23,840.45</b>
<b>Profit before exceptional items and tax</b>		<b>5,523.12</b>	<b>4,799.71</b>
Exceptional items	<b>36</b>	664.30	228.68
<b>Profit before tax</b>		<b>6,187.42</b>	<b>5,028.39</b>
<b>Tax expenses</b>			
Current tax	<b>37</b>	(1,902.33)	(1,117.84)
Deferred tax credit/(charge)	<b>38</b>	30.17	(43.06)
<b>PROFIT FOR THE YEAR</b>		<b>4,315.26</b>	<b>3,867.49</b>
<b>Earnings per equity share</b>			
Basic [Face value of Re. 1 each]	<b>39</b>	<b>Rs. 19.95</b>	<b>Rs. 17.88</b>
Diluted [Face value of Re. 1 each]		<b>Rs. 19.94</b>	<b>Rs. 17.87</b>
<b>Significant accounting policies</b>	<b>2</b>		

The accompanying notes are an integral part of these financial statements

As per our report of even date

**For B S R & Co. LLP**

Firm Registration No. 101248W/W - 100022  
Chartered Accountants

**Akeel Master**

Partner  
Membership No. 046768

Mumbai: 8th May, 2015

For and on behalf of Board of Directors

**Sanjiv Mehta**

Managing Director and CEO  
[DIN: 06699923]

**Aditya Narayan**

Chairman - Audit Committee  
[DIN: 00012084]

**Ritesh Tiwari**

Group Controller

Mumbai: 8th May, 2015

**PB Balaji**

Executive Director (Finance & IT) and CFO  
[DIN: 02762983]

**Dev Bajpai**

Executive Director Legal and Company Secretary  
Membership No. FCS 3354

# BALANCE SHEET

As at 31st March, 2015

(All amounts in Rs. crores, unless otherwise stated)

	Note	As at 31st March, 2015	As at 31st March, 2014
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' funds</b>			
Share capital	3	216.35	216.27
Reserves and surplus	4	3,508.43	3,060.78
<b>Non-current liabilities</b>			
Other long-term liabilities	5	170.11	278.62
Long-term provisions	6	956.35	923.99
<b>Current liabilities</b>			
Trade payables	7	5,288.90	5,623.84
Other current liabilities	9	908.05	911.33
Short-term provisions	10	2,585.87	1,983.37
<b>TOTAL</b>		<b>13,634.06</b>	<b>12,998.40</b>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Fixed assets			
Tangible assets	12	2,435.50	2,397.94
Intangible assets	13	22.03	24.12
Capital work-in-progress		479.01	312.08
Intangible assets under development		-	7.70
Non-current investments	14	654.11	636.17
Deferred tax assets (net)	15	195.96	161.73
Long-term loans and advances	16	583.46	605.51
Other non-current assets	17	0.44	0.68
<b>Current assets</b>			
Current investments	18	2,623.82	2,657.95
Inventories	19	2,602.68	2,747.53
Trade receivables	20	782.94	1,164.43
Cash and bank balances	21	2,537.56	2,220.97
Short-term loans and advances	22	657.27	528.78
Other current assets	23	59.28	80.81
<b>TOTAL</b>		<b>13,634.06</b>	<b>12,998.40</b>
<b>Significant accounting policies</b>	<b>2</b>		
<b>Contingent liabilities, capital and other commitments</b>	<b>24, 25</b>		

The accompanying notes are an integral part of these financial statements

As per our report of even date

**For B S R & Co. LLP**  
Firm Registration No. 101246W/W - 100022  
Chartered Accountants

**Akeel Master**  
Partner  
Membership No. 046768

Mumbai: 8th May, 2015

For and on behalf of Board of Directors

**Sanjiv Mehta**  
Managing Director and CEO  
(DIN: 06699923)

**Aditya Narayan**  
Chairman - Audit Committee  
(DIN: 00012084)

**Ritesh Tiwari**  
Group Controller

Mumbai: 8th May, 2015

**PB Balaji**  
Executive Director (Finance & IT) and CFO  
(DIN: 02762983)

**Dev Bajpai**  
Executive Director Legal and Company Secretary  
Membership No. FCS 3354

# STATEMENT OF PROFIT AND LOSS

For the year ended 31st March, 2013

(All amounts in Rs. crores, unless otherwise stated)

	Note	Year ended 31st March, 2013	Year ended 31st March, 2012
<b>REVENUE FROM OPERATIONS (GROSS)</b>	27	27,283.59	23,181.09
Less: Excise duty		11,473.38	(1,064.72)
Revenue from operations (net)		<b>25,810.21</b>	<b>22,116.37</b>
Other income	28	606.90	278.31
<b>TOTAL REVENUE</b>		<b>26,417.11</b>	<b>22,394.68</b>
<b>EXPENSES</b>			
Cost of materials consumed	29	10,284.66	8,584.89
Purchases of stock-in-trade	30	3,235.31	3,024.14
Changes in inventories of finished goods (including stock-in-trade) and work-in-progress	31	(31.13)	128.73
Employee benefits expenses	32	1,318.34	1,107.28
Finance costs	33	25.15	1.24
Depreciation and amortization expense	34	236.02	218.25
Other expenses	35	6,999.28	5,979.99
<b>TOTAL EXPENSES</b>		<b>22,067.63</b>	<b>19,044.52</b>
<b>Profit before exceptional items and tax</b>		<b>4,349.48</b>	<b>3,350.16</b>
Exceptional items	36	608.40	118.87
<b>Profit before tax</b>		<b>4,957.88</b>	<b>3,469.03</b>
<b>Tax expense</b>			
Current tax		(1,167.59)	(784.52)
Deferred tax		(9.45)	(0.76)
Tax adjustments of prior years (net)		15.83	7.65
<b>PROFIT FOR THE YEAR</b>		<b>3,796.67</b>	<b>2,691.40</b>
<b>Earnings per equity share</b>	37		
Basic (Face value of Re. 1 each)		Rs. 17.56	Rs. 12.46
Diluted (Face value of Re. 1 each)		Rs. 17.55	Rs. 12.45
<b>Summary of significant accounting policies</b>	2		

The accompanying notes are an integral part of these financial statements

As per our report of even date

**For Lovelock & Lewes**  
Firm Registration No. 301056E  
Chartered Accountants

**Pradip Kanakia**  
Partner  
Membership No. 39985  
Mumbai - 29th April, 2013

For and on behalf of Board of Directors

**Nitin Paranjpe** | Managing Director and CFO  
**Aditya Narayan** | Chairman - Audit Committee  
**Ritesh Tiwari** | Group Controller

Mumbai - 29th April, 2013

**Sridhar Ramamurthy** | Executive Director  
Finance & IT and CFO

**Dev Bajpai** | Executive Director  
Legal and Company  
Secretary

12 FRA

Dr. S. Chaudhary

Dr. Puri Aggarwal

Dr. Ashish Varma

28/05/12

IMT, Ghaziabad  
PGDM  
Term I

Roll No.....

Financial Reporting and Analysis  
End - Term

Time: 2 ½ Hrs, Closed Book

MM: 50

Note: Attempt all questions.

Qs.1 Following are the slightly modified Balance Sheet and Statement of Profit and Loss of a leading Indian FMCG Company -

Balance Sheet as at March 31, 2012

Rs. Crores

	As at March 31, 2012	As at March 31, 2011
Shareholders' Funds		
Share capital	61.49	61.44
Reserves and surplus	1,062.63	811.68
	1,124.12	873.12
Non-current liabilities		
Long-term borrowings	324.73	307.48
Long-term provisions	5.32	0.02
	330.05	307.50
Current liabilities		
Short-term borrowings	228.42	192.71
Trade payables	244.47	162.73
Other current liabilities	85.72	108.97
Short-term provisions	47.88	40.7
	606.49	505.11
TOTAL	2,060.66	1,685.73
Assets		
Non-current assets		
Fixed assets		
Tangible assets	238.08	221.16
Intangible assets	2.01	1.3
Capital work-in-progress	36.22	24.71
	276.31	247.17
Non-current investments	405.91	392.42

Deferred tax assets (net)	19.08	26.54
Long-term loans and advances	235.81	205.6
Other non-current assets	123.14	98.21
	1060.25	969.94
Current assets		
Current investments	266.26	77.94
Inventories	530.04	454.22
Trade receivables	101.04	118.98
Cash and bank balances	32.26	15.94
Short-term loans and advances	54.46	44.94
Other current assets	16.35	3.77
	1000.41	715.79
TOTAL	2060.66	1685.73

Statement of Profit and Loss for the year ended March 31, 2012		
	Rs. Crores	
	As at March 31, 2012	As at March 31, 2011
Revenue from operations (Gross)	2,971.66	2,351.39
Excise Duty	1.36	0.98
Revenue from Operations (Net)	2,970.30	2,350.41
Other Indirect Income	51.65	21.63
Total Revenue	3,021.95	2,372.04
Expenses:		
Cost of materials consumed	1,671.92	1,309.01
Purchases of stock-in-trade	106.33	106.85
Changes in inventories of finished goods, work-in-progress and stock-in-trade - (Increase) / decrease	(40.02)	(74.1)
Employee benefits expenses (Indirect)	126.21	107.82
Finance costs	28.34	31.6
Depreciation, amortization and impairment	31.49	27.63
Other expenses (Indirect)	698.4	488.69
Total Expenses	2,622.67	1,997.50

Profit before tax	399.28	374.54
Tax expense:		
Current tax	55.22	27.26
Deferred tax charge	7.47	31.96
Profit for the year	336.59	315.32
EPS		
Basic	5.48	5.15
Diluted	5.47	5.12

**Required:**

- 1 Do a Horizontal Analysis for Year 12 over Year 11, and also a Vertical Analysis for the last two years and comment. (12 marks)
2. Calculate the following ratios (as defined) for both the years, and analyze the company's profitability (10marks)
  - a) Gross Profit Ratio (Gross Profit/ Net Sales)
  - b) Operating Profit Ratio (EBIT/Net Sales)
  - c) Net Profit Ratio (PAT/ Net Sales)
  - d) ROE (PAT/Avg. Shareholders' funds)
  - e) ROCE (EBIT/Avg. Capital Employed)
3. Calculate the following ratios (as defined) for both the years, and analyze the company's liquidity and solvency (8 marks)
  - a) Current Ratio (Current assets/ Current liabilities)
  - b) Quick Ratio (Quick assets/ Current Liabilities)
  - c) Debt Equity Ratio (Total Debt/ Equity)
  - d) Interest Coverage Ratio (EBIT/ Interest)
4. Calculate the following ratios (as defined) for both the years (A year = 360 days), and comment. (10marks)
  - a) Debtors Turnover Ratio (Credit sales/ Avg. Debtors) and Average collection period
  - b) Creditors Turnover ratio (Credit purchases/ Avg. Creditors) and Average payment period
  - c) Inventory Turnover ratio (Cost of goods sold/ Avg. Inventory) and inventory holding period
  - d) Assets Turnover ratio (Sales/ Avg. Total Assets)

\*All sales and purchases are on credit.



Q 2 Following are some transactions taken from the financial statements of different entities, You are required to suggest the correct treatment for these transactions in the books of accounts. Indicate your proposed treatment by incorporating small formats of Trading, P&L A/c and Balance Sheet (2 X 5 = 10 marks)

a) Following is the extract of the trial balance of A Enterprises

Particulars	Amount (Dr.)	Amount (Cr.)
Insurance Premium	10,000	

Additional Information:

From the above premium, Rs. 2,000 is prepaid

b) Following is the extract of the trial balance of B Enterprises

Particulars	Amount (Dr.)	Amount (Cr.)
Debtors	50,000	
Bad Debts	500	

Additional Information:

Create a provision on debtors @ 2%

c) Following is the extract of the trial balance of C Enterprises

Particulars	Amount (Dr.)	Amount (Cr.)
Rent Received		25,000

Additional Information:

Out of the rent received, 2,500 pertains to next year i.e it is received in advance

d) Following is the extract of the trial balance of D Enterprises

Particulars	Amount (Dr.)	Amount (Cr.)
Interest Received		6000

Additional Information:

Interest earned but not received Rs 1,000

e) Following is the extract of the trial balance of E Enterprises

Particulars	Amount (Dr.)	Amount (Cr.)
Plant and Machinery	60,000	

Additional Information:

Depreciate Plant and Machinery @15%