

XLRI JAMSHEDPUR – BM

End-term Examination, Time: 180 Minutes, Weightage: 30%, Date: 07 Sep. 2015

NAME: _____

ROLL # _____

INSTRUCTIONS

This is an open book examination. However, you are allowed to carry one page of A4-size handwritten cheat sheet / formula sheet. You are not allowed to borrow books, calculators, etc. Answer all questions. Please read all footnotes (some of them might contain crucial information). Marks in brackets at the start of each section indicate the marks assigned for that section. In case of multiple-choice questions, you are required to mark (tick) the most appropriate choice in the question paper and also work out the solution (or given reasonable explanation) in the blank space provided below or on the other side of the page.

Anyone who resorts to unfair practices, as judged by the examiner, the minimum penalty will be zero in this segment of evaluation, while the maximum penalty could be expulsion from the institute. There will be no further warnings.

=====

Peer Evaluation: Within Batch

The information given below will be kept confidential

(You can pick a name of any student or mention his / her roll number)

In my view, _____ (mention the name OR roll number of one student) and _____ in the complete batch helped in better learning of the course

=====

Peer Evaluation: Within Groups

The information given below will be kept confidential

Your Group No. _____ **OR Allocated Company Annual Report** _____

Excluding yourself, give names / roll numbers of just two group members whom you believe have contributed the most for case write up, discussion, and preparation (including analysis, etc.):

_____ and _____

=====

The Complete Paper is based on the 16-Pages Main Sheet of the 'Business Standard' Newspaper

Section I

[Each Correct answer + 1 marks; Wrong answer – 0.25 marks]

1. This newspaper in your hand would not lead to the following
- A. Increase in raddiwala's main income
 - B. Increase in main income of Business Standard
 - C. Increase in your other income
 - D. Increase in your main income
 - E. Increase in main income of the person selling newspaper

Reason: _____

2. Refer to Page 1, article titled "Australian Project..." Which company will have most difficulty in obtaining further long term funds from financial institutions
- A. Adani Enter.
 - B. Adani Power
 - C. Adani Ports
 - D. Denctile Banks
 - E. SunEdison Inc.

Reason: _____

3. Refer to Page 1, article titled "Ten years..." such action by ICAI has led to the creation of the following institutional intermediary
- A. International Financial Reporting Standards
 - B. Indian Accounting Standards Board
 - C. National Financial Accounting Standards Board
 - D. National Advisory Committee on Accounting Standards
 - E. Bharat-III GAAP Committee

Reason: _____

4. Refer to Page 1, article titled "Govt's capital..." It implies nations _____ is having an immediate jump
- A. Capital Work In Progress
 - B. Contingent Liabilities
 - C. Long-Term Revenue Expenditures
 - D. Long-Term Investments
 - E. Intangible Assets including IPRs

Reason: _____

5. Refer to Page 1, article titled "Govt's capital..." Assuming all the infrastructure contacts to be structured as payable on completion basis – then Government's present _____ will increase
- A. Other Income
 - B. Current Liabilities & Provisions
 - C. Long-Term Liabilities
 - D. Current Assets
 - E. None of the above

Reason: _____

6. Refer to Page 2, article titled "Unitech raises..." The amount so raised will essentially be not part of _____ in Unitech's financial statements

- A. Unearned Revenue
- B. Advance from Customers
- C. Loan
- D. Inter Corporate Deposits
- E. Deposits from Customers

Reason: _____

7. Refer to Page 2, article titled, "Rs. 10,247-cr tax...", 9.8 percent stake held by Cairn Energy UK in Cairn India will be reflected in books of Cairn India as

- A. Long-Term Investments
- B. Current liability
- C. Contingent liability
- D. Contingent asset
- E. None of the Above

Reason: _____

8. Refer to Page 2, article titled "Despite Grand Prix..." The awards bagged by BBDO India be reflected in its annual report as part of

- A. Management Discussion and Analysis
- B. Auditors Report
- C. Balance Sheet
- D. Notes to Accounts
- E. Income Statement

Reason: _____

9. Refer to Page 2, Article titled "Cram for that exam..." Which form of business entity is suitable for Toppr.com?

- A. Private Limited Company
- B. Public Limited Company
- C. One Person Company
- D. Limited Liability Partnership
- E. Guaranteed Company

Reason: _____

10. Refer to Page 2, Article titled "Cram for that exam..." Refer to the Fact Box of the said article. Where will the transaction be reflected in books of Toppr.com and Saif Partners?

- A. Long-term Liabilities and Investments
- B. Long-Term Liabilities and Advances
- C. Investments and Shareholder's Funds
- D. Shareholder's Funds and Stock in Trade
- E. Shareholder's Funds and Investment

Reason: _____

11. Refer to Page 2, Article titled "Cram for that exam..." Refer to the Fact Box of the said article. Where will the transaction be reflected in Cash Flow Statements of Toppr.com and Saif Partners?

- I. Operating Activities
- II. Investing Activities
- III. Financing Activities

From the above items:

- A. Toppr – (iii); Saif – (i) or (ii)
- B. Toppr – (i) or (ii); Saif – (ii) or (iii)
- C. Toppr – (ii) or (iii); Saif – (ii)
- D. Toppr – (ii); Saif – (ii) or (i)
- E. Toppr – (ii); Saif – (ii)
- F. None of the above

Reason: _____

12. Refer to Page 3, article titled "HDFC Bank surpasses..." If HDFC gives loan of 19% of its ceiling limit what procedures it has to follow :-

- (i) Take permission from the RBI;
- (ii) Pass a Board Resolution to Grant the Loan

(iii) Disclosure in the Annual Report

From the above items:

- | | |
|------------------------|----------------------|
| A. Only 'i' and 'ii' | D. All of the above |
| B. Only 'ii' and 'iii' | E. None of the above |
| C. Only 'i' and 'ii' | |

Reason: _____

13. Refer to Page 3, article titled "Get pricing right..." The unsold housing units would be considered in _____ in Financial statements of Real estate firm and as _____ in books of HDFC

- | | |
|--|--|
| A. Fixed Assets and Contingent Liabilities | E. Capital Work in Progress and Non-Performing Asset |
| B. Capital Work in Progress and Advances | F. Stock in Trade and Long-Term Liabilities |
| C. Stock in Trade and Advances | |
| D. Unearned Revenue and Non-Performing Asset | |

Reason: _____

Refer to Page 3, advertisement of Taj. Abhishek Singh is an employee of Taj group. Belal Ahmed is working with ICICI bank and Niharika Mishra is working with Pepsi Company. Abhishek Singh due to his hard work was awarded a stay at Taj with his family, including father-in-law. Belal Ahmed also went at Taj with his family to attend the regional conference of ICICI Bank on the instruction of his branch manager, also his brother-in-law, on an official purpose. Niharika Mishra also went at Taj to enjoy and celebrate her mother-in-law's birthday. All of them sat on the same table and were chatting and each had received an invoice of Rs. 10,000. Finally, each of them gave a tip of Rs. 200/- to the waiter, Sounak Maheshwari there. They were discussing of the items being part of their accounts and also the accounts of Taj Group as one of the following:

- | | |
|------------------------------|---------------------------------|
| i. Administrative Expenses | vii. Marketing Expenses |
| ii. Capitalized Expenditures | viii. Not be shown in the Books |
| iii. Cost of Goods Sold | ix. Other Income |
| iv. Drawings | x. Petty Cash Expenses |
| v. Employee Benefits | xi. Sales/Revenue |
| vi. Exceptional Items | |

Fill in the Blanks

Based on the above conversation – please answer the following three questions:

14. The Rs. 10,000/- expenditure incurred will be shown in Abhishek Singh's books as _____ ; in the books of Taj group as _____ ; and the Rs. 200/- in the books of Sounak Maheshwari as _____ (fill in the blanks using one of the items mentioned above)

Reason: _____

15. The Rs. 10,000/- expenditure incurred will be shown in Belal Ahmed's books as _____ ; in the books of Taj group as _____ ; and the Rs. 200/- in the books of Sounak Maheshwari as _____ (fill in the blanks using one of the items mentioned above)

Reason: _____

16. The Rs. 10,000/- expenditure incurred will be shown in Niharika Mishra's books as _____ ; in the books of Taj group as _____ ; and the Rs. 200/- in the books of Sounak Maheshwari as _____ (fill in the blanks using one of the items mentioned above)

Reason: _____

17. Refer to Page 4, article titled 'Australian project...' The article stresses on Adani Group's huge investment and a MOU being signed between group and some State Government to set up solar parks. The ground work done (say, earlier visits to Australia) prior to the signing of MoU shall form part of the Adani Groups Financial statements _____
- A. Losses carried forward
B. Deferred revenue expenditure
C. Intangible assets for amortization
D. Revenue expenditure
E. Exceptional item costs

Reason: _____

18. Refer to Page 5, article titled "IIM Lucknow..." Suppose the organization follows credit policy of "2/10 net 45". What will be the journal entry in the books of IIM Lucknow on the date of publishing of advertisement?
- A. No transaction. Mere publication of advertisement is not enough
B. By Advertisement Expenditure A/c, Dr, To Business Standard Cr
C. By Advertisement Expenditure A/c Dr, To Cash & Cash Equivalents Cr
D. By Business standard Dr, To Advertisement Expenditure Cr
E. None of the Above

Reason: _____

19. Refer to Page 5, article titled "IIM Lucknow..." It is known that 10 people were nominated by PSU-giant NTPC and were sent for training on Sustainable Supply Chain Management. The payment was made immediately by NTPC prior to the training. This will be reflected in the books of NTPC as
- A. By Operating Expense Dr , To Cash & Cash Equivalents Cr
B. By Cash & Cash Equivalents Dr, To Training expenses Cr
C. By Training Expense Dr, To IIM Lucknow Cr
D. By IIM Lucknow Dr, To Training expense Cr
E. None of the Above

Reason: _____

20. Refer to Page 5, Article Title: "KKalpana Industries.." Which of the combination of the following would you agree to:
- (i) The company has a decent amount of ESOPs and/or Warrants pending conversion
(ii) Primary Source of Funding in FY2015 is Short-Term Borrowings
(iii) The company does have some foreign currency borrowing
(iv) The company has not presented its numbers as per IFRS and/or schedule III
- I agree to the following combination from the above items:
- A. (iii) and (iv) only
B. (i) and (iii) only
C. (ii) and (iv) only
D. (ii) and (iii) only
E. (ii), (iii) and (iv) only
F. All of the above

Reason: _____

21. Refer to Page 5, Article: "KKalpana Industries..." Figures therein hint at the following possibility during FY2015:
- A. Short Term Loans And Investments is financed by Sale of Fixed Assets
B. Short Term Loans And Investments is financed by Short-Term Borrowings
C. Purchase of Fixed Assets is financed by Short Term Loans And Investments

- D. Repayment of Long-Term Borrowings is financed by Short-Term Borrowings
- E. Other Current Liabilities are financed by Short Term Borrowings

Reason: _____

22. Refer to Page 5, Article: "KKalpana Industries..." If we construct the Cash Flow Statement of the organization for FY2015 using the indirect method. Then, it would reveal the following on working capital items:

- (i) Trade receivables as a source
- (ii) Inventories as a source
- (iii) Trade payables as a use

I agree to the following combination from the above items:

- A. (i) and (ii) only
- B. (i) and (iii) only
- C. (ii) and (iii) only
- D. None of the above
- E. All of the above

Reason: _____

23. Refer to Page 5, Article: "KKalpana Industries..." Which of the following few items do you agree to:

- (i) It has not traded in finished goods
- (ii) High depreciation due to new capex
- (iii) Book value per share decreased
- (iv) Employees cost is highly variable

I agree to the following combination from the above items:

- A. (i) only
- B. (i) and (iii) only
- C. (iv) only
- D. None of the above
- E. All of the above

Reason: _____

24. Refer to Page 5, Article Title: "KKalpana Industries...", The working capital lenders and vendors of the company after looking at the acid test ratio figures would be:

- A. Sad to extent of watching Devdas
- B. Call Kkalpana for quick improvement
- C. Neither sad nor happy
- D. Hazaar Happy
- E. Cannot be determined

Reason: _____

25. Refer to Page 5, Article: "KKalpana Industries...". The impact on Profit & Loss Account on future receipt of Insurance Claim would be?

- A. Loss will be reversed to the extent of claim received
- B. No impact on Profit & Loss Statement as it was incurred in the previous year
- C. Shown as other Operational income
- D. Shown as Other Income
- E. Add to Cost of Goods sold

Reason: _____

26. Refer to Page 5, the article on "IMFA". IMFA will treat this as _____ in its income statement; Business Standard will treat this as _____ in its income statement

- A. Shareholders Expense, Sales Income
- B. Administrative Expense, Sales Income
- C. Marketing Expense, Sales Income
- D. General Expenses, Other Operating Income
- E. General Expense, Sales Income

Reason: _____

27. Refer to Page 14, article titled "Notice inviting tender... tender no. IV.18081/2015-16...". The tender cost and earnest money by the Ministry of Home Affairs, Government of India will be treated as:
- A. Deferred revenue expenditure and Revenue expenditure, respectively
 - B. Security deposit and Security deposit, respectively
 - C. Security deposit and Revenue expenditure, respectively
 - D. Revenue expenditure and Revenue expenditure, respectively
 - E. None of the above

Reason: _____

28. Refer to Page 14, article titled "Notice inviting tender... tender no. IV.18081/2015-16...". If you were asked to do the bidding on behalf of infrastructure giant, L&T, then the tender cost and earnest money spent by you will be treated as:
- A. Miscellaneous general expenses and Loans & Advances, respectively
 - B. Loans & Advances and Loans & Advances, respectively
 - C. Marketing expenses and Business development expenses, respectively
 - D. Revenue expenditure and Revenue expenditure, respectively
 - E. None of the above

Reason: _____

29. Refer to Page 14, article titled "East Coast Railway ... ", Serial No.4 How will the said repairs be treated by East Company Railway; And How will the said repairs done by the winning party be treated as:
- A. East Coast Railway: capital expenditure; Tender winner: accounts receivable
 - B. East Coast Railway: revenue expenditure; Tender winner: Sales in income statement
 - C. East Coast Railway: revenue expenditure; Tender winner: Accounts receivable in balance sheet
 - D. East Coast Railway: deferred revenue expenditure; Tender winner: Sales
 - E. None of the above

Reason: _____

30. Refer to Page 13, Article Title, "Never Say Goodbye..." flexible and lucrative programs provided by many of the popular hotels for loyalty by customers shall be parked in as:
- A. Provisions based on past experience of the Conditional offer
 - B. Provisions based on past experience of the Unconditional offer
 - C. Contingent Liabilities based on past experience of the Conditional offer
 - D. Contingent Liabilities based on past experience of the Unconditional offer
 - E. Do nothing as it's a conditional offer

Reason: _____

31. Refer to Page 12, Article, "On a Secure Footing.." "Upar wala sab dekh raha ha!" The investment to make it shall be reflected in as Cash Flow from _____ activity in CFS for the new customers; The big advertisement spent by CP Plus will be reflected as
- A. Customer: Operating; CP Plus: Marketing Expense
 - B. Customer: Operating; CP Plus: Deferred Revenue Expenditure
 - C. Customer: Investing; CP Plus: Marketing Expense
 - D. Customer: Financing; CP Plus: Deferred Revenue Expenditure
 - E. Customer: Investing; CP Plus: The treatment will depend on the success or failure of the Advertisement

Reason: _____

32. Refer to Page 6-8, FY2015 Balance Sheet of Union Bank of India. If there is a high probability that the contingent liability referred to in Schedule 12 materializes during the next year, it will be recorded in FY2016 as _____ .

- i. It will be shown as an expense in Profit & Loss Account
- ii. It will be shown as Liability in Balance Sheet
- iii. Mentioned in Director's Report
- iv. Shown as Contingent Liability

Which of the above items combination would you agree to:

- A. (i), (ii) and (iii) only
- B. (i) and (ii) only
- C. (i) and (iii) only
- D. (iii) and (iv) only
- E. All of the above

Reason: _____

33. Refer to Page 6-8, FY2015 Report of Union Bank of India. What is the method of Inventory Valuation of Union Bank of India?

- A. FIFO
- B. LIFO
- C. Weighted Average
- D. Specific Identification Method
- E. None of the Above

Reason: _____

34. Refer to Pages 6-8, Financial Report of the Union Bank of India. The Financial Statements of the bank are prepared according to the following:

- A. Third Schedule of Banking Regulations Act of 1949
- B. Generally Accepted Accounting Principles(GAAP)
- C. Guidelines issued by RBI
- D. As per rules issued by, Institute of Chartered Accountants of India(ICAI)
- E. All of the above

Reason: _____

35. Refer to Pages 6-8, Financial Report of the Union Bank of India. Assume UBI has undertaken heavy expenditure in the major branches in metro cities on furnitures and fixtures on 5th October 2014. Considering the policies adopted by the bank. How will the said expense be reflected?

- A. Depreciated@ 33.33%
- B. Depreciated@ 20%
- C. Depreciated@ 10%
- D. Depreciated @ 5%
- E. No depreciation will be provided

Reason: _____

36. Refer to Pages 6-8, Financial Report of the Union Bank of India. How is the Share Issue Expense treated by UBI?
- A. Treated as Revenue Expenditure
 - B. Treated as Deferred Revenue Expenditure
 - C. Charged to Securities Premium Account
 - D. Shown As Miscellaneous Expenditure in other Current/Non-Current Assets
 - E. Can't Say

Reason: _____

37. Refer to Pages 6-8, Financial Report of the Union Bank of India. The segment reporting is done due to _____
- A. RBI Norms
 - B. Rules issued by Banking Regulations Act 1949
 - C. Rules as per Accounting Standard issued by ICAI
 - D. Both (b) and (c)
 - E. All of the above

Reason: _____

Section II

[Each Correct answer + 2 marks; No negative marks]

Refer to Pages 6-8, Financial Report of the Union Bank of India. Did the bank have any changes in its shareholding capital (say, by way of New Issue or redemption OR buy back OR similar):

38. Clearly list down the same in the space below (if any)

39. Assuming 100% subscription and no forfeiture, mention the accounting entries for the issue of new equity shares in the space below (if any) along with the required share premium (if any). Please also mention the narration of the entry:

40. Assuming 100% smooth process, mention the accounting entries for the redemption of shares in the space below (if any). Please also mention the narration of the entry: