

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.

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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

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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 _____

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

Newspaper

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Section I

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

101. 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: _____

102. Refer to Page No.12, Public Notice of IDBI Bank about defaulting borrower. Assuming correct way of presenting numbers using accrual principal ... the said IDBI loan will be part of _____ portion of IDBI Bank Limited's Financial Statements; and _____ portion of Shri Sudarshan Khaitan's Financial Statements.

- A. IDBI – Contingent Liabilities; Shri Khaitan – Long-Term Liabilities
- B. IDBI – Loans and Advances (with appropriate provisioning); Shri Khaitan – Contingent Liabilities
- C. IDBI – Loans and Advances (with no provisioning); Shri Khaitan – Current Liabilities & Provisions
- D. IDBI – Investments (with appropriate provisioning); Shri Khaitan – Long-Term Liabilities
- E. None of the above

Reason: _____

103. Refer Page 1 article titled "New I-T.." Where will you record the tax-exempt income in Financial Statements?

- A. Since it is tax-exempt it will not be recorded in Financial Statements
- B. Cash Book
- C. Profit & Loss Account
- D. Balance Sheet
- E. Notes to Accounts

Reason: _____

104. Refer to Page 2, Readers corner article; titled "Life Insurance". The Insurance premium paid by a company on the life of its employees will be shown in Financial Statements under:

- A. Manufacturing Account
- B. Trading Account
- C. Profit & Loss Account
- D. Shown as deduction from Employee's Salary
- E. Both (b) and (d)

Reason: _____

105. Refer to Page 2, Readers corner article; titled "Life Insurance". If a company receives an insurance claim during the year, it will be shown in the Cash Flow Statement of an insurance company as _____; and it will be part of a readers Cash Flow Statement as _____:
- A. Operating Activities and Operating Activities
 - B. Operating Activities and Investing Activities
 - C. Operating Activities and Financing Activities
 - D. Investment Activities and Operating Activities
 - E. Financing Activities and Operating Activities

Reason: _____

106. Refer to Page 2, article titled, "Proof of Service.....". The Amount paid by Balwani Singh for the bonds of IDBI will be shown in his books under _____; after receiving the amount, it would get reflected in the books of IDBI as a _____:
- A. Cash & Cash Equivalents and Long-Term Liabilities
 - B. Long Term Investment and Shareholder's Funds
 - C. Short Term Investment and Long-Term Liabilities
 - D. Loans & Advances and Long-Term Liabilities
 - E. None of the above

Reason: _____

107. Refer to Pages 4-6, Financial Statements of FY2015 of Bank of Baroda Limited. If an ATM was purchased on 1st September and put to use on 1st November, for how many months will depreciation be charged (if any)?
- A. Six Months
 - B. Five Months
 - C. Twelve Months
 - D. Seven Months
 - E. Zero Months

Reason: _____

108. Refer to Pages 4-7, Financial Statements of FY2015 of Bank of Baroda Limited. If 100 Shareholders (owning 18,892 equity shares) of Bank of Baroda are not traceable, for the year 2015, then:
- (i) The unpaid dividend would be about Rs. 35,200/-
 - (ii) The unpaid dividend will be reflected as other income in the Profit & Loss Account
 - (iii) The unpaid dividend will be reflected as Current Liability-Sundry Creditors
 - (iv) The unpaid dividend will be reflected as Other Current Liability
 - (v) The unpaid dividend would be about Rs. 36,291/-

Which of the combination of the above do you agree to:

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

Reason: _____

109. Refer to Pages 4-7, Financial Statements of FY2015 of Bank of Baroda Limited. Suppose Bank of Baroda purchases 17,000 New-Age 99TB Hard-Drives on 30th March 2015 @ Rs. 48,000/- per item, it will be reflected in Financial Statements as:

- A. Charged to Profit & Loss Account
- B. It will be included as Stock-In-Trade
- C. It will be shown as Tangible Non-Current Assets
- D. It will be shown as Prepaid Expenses
- E. It will be shown as Deferred Revenue Expenditure

Reason: _____

110. Refer to Pages 4-7, Financial Statements of FY2015 of Bank of Baroda Limited. EPS is calculated by Bank of Baroda as per _____; and EPS numbers indicate _____.

- (i) AS17
- (ii) AS22
- (iii) AS16
- (iv) AS20
- (v) Pending ESOPs
- (vi) Pending Warrants
- (vii) Pending Convertible Debentures

Which of the following combinations you would agree to:

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

Reason: _____

111. After looking at Page 11-12, one can state that – Most of the advertisements/announcements/notices are for:

- A. Enable changes in the AoA of Public Limited companies
- B. Enable changes in the MoA of Public Limited companies
- C. Demand/Recovery notices by Bankers against Non-Performing Assets
- D. Tender notices by companies
- E. None of the above

Reason: _____

112. Refer to Page 12, SBI Demand Notice u/s 13(2) of the Sarfaesi Act, 2002. One can state that the Cash Credit of S. A. Ideal Engineering Howrah (Pvt.) Limited will be part of:

- A. SBI's advances
- B. SBI's provisions for doubtful advances
- C. SBI would have already expensed that out in its P&L statement and reduced its net income to that extent
- D. All of the above
- E. Agree with only (a) and (b)

Reason: _____

113. Refer to Page 11, 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: _____

114. Refer to Page 11, 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: _____

115. Refer to various items in Page 11 – specifically the notice by Rashmi Iron Industries Private Limited:
- A. Expenses for this would be part of its Operating expenses
 - B. Expenses for this should be Capitalized ...
 - C. Hints at potential Corporate Governance Issue
 - D. All of the above
 - E. (b) and (c) only

Reason: _____

116. Refer to Page 12, article titled "Mineral Exploration Corporation ... ". How will the said expense items related to Mobile Cranes be treated by Mineral Exploration Corporation; And How will the said Cranes be treated by the winning party as:
- A. Mineral Exploration Corporation: deferred expenses; Tender winner: accounts receivable
 - B. Mineral Exploration Corporation: gross block of fixed assets; Tender winner: Sales in income statement
 - C. Mineral Exploration Corporation: revenue expenditure; Tender winner: Accounts receivable in balance sheet
 - D. Mineral Exploration Corporation: prepaid expenses; Tender winner: Sales
 - E. None of the above

Reason: _____

117. Refer to the notice of Shelter Infra Projects Limited in page 12. Which of the following would you agree to:
- (i) It is a message to Shareholders
 - (ii) It is being done as part of compliance norms
 - (iii) It hints at potential borrowing increase for the firm
 - (iv) M/s A K Labh & Co. are the auditors of the organization

We agree to the following combination:

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

Reason: _____

118. Refer to the news item "penalty on film distributors" in page 10, if you were one of the affected film distributors, namely, Mukta Arts Entertainment Limited. Then, after reading as an accountant of Mukta, you would:

- (i) Make a Provision
- (ii) Show it as a Contingent Liability
- (iii) Mention it as a pending case within the Notes to Accounts
- (iv) Do nothing

We agree to the following combination:

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

Reason: _____

119. Refer to the Page 10 news item "New secretarial standards ...", the article hints at:

- (i) Governance issues as a no advance notice to shareholders on items seeking approval at board meetings
- (ii) Governance issues as a result of erstwhile practice of gifting shareholders attending AGM / EGM
- (iii) Non-monetary penalties being given for non-compliance of the two new norms
- (iv) Need for Auditors to also act as members of ICSI

We agree to the following combination:

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

Reason: _____

120. Refer to advertisement/notice in Page 9 by Wipro Limited. The cost on this would be:

- A. Business Standard – Sales; Wipro – Capitalized Expenditure
- B. Business Standard – Receivable; Wipro – General/Administrative Expense
- C. Business Standard – Unearned Revenue; Wipro – Capitalized Expenditure
- D. Business Standard – Other Income; Wipro – General/Administrative Expense
- E. None of the above

Reason: _____

121. Refer to advertisement/notice in Pages 8-9 by Infinite Computer Solutions (India) Limited. Assuming the complete success of buyback in acquiring the maximum targeted shares, the number of outstanding shares of the company after buyback would be:

- A. 4,16,06,459
- B. 4,08,61,004
- C. 3,94,51,954
- D. 3,87,06,459
- E. None of the above

Reason: _____

122. Refer to advertisement/notice in Pages 8-9 by Infinite Computer Solutions (India) Limited. In terms of accounting entries, the following items will get affected with this buyback:

- A. Free reserves (part of Capital Reserves)
- B. Free reserves (part of Revenue Reserves)
- C. Number of Equity Shares
- D. (a) and (b) only
- E. (a) and (c) only
- F. (b) and (c) only

Reason: _____

123. Refer to advertisement/notice in Pages 8-9 by Infinite Computer Solutions (India) Limited. We can confidently state that, the diluted EPS and basic EPS of the company are different due to:

- A. ESOPs outstanding
- B. Warrants outstanding
- C. Convertible Debentures outstanding
- D. (a) and (b) only
- E. (a) and (c) only

Reason: _____

124. Refer to advertisement/notice in Pages 8-9 by Infinite Computer Solutions (India) Limited. We can confidently state that, the RoNW of the consolidated figures of Infinite Computer has gone down from FY2013 to FY2015 – primarily due to:

- A. Equity Multiplier
- B. Asset Turnover
- C. Net Profit Margin
- D. (a) and (b) only
- E. (b) and (c) only

Reason: _____

125. Refer to news item in Page 2 titled "Tipping Point". We can confidently state that, positive balances in our Contactless Debit Card and negative balances in our Contactless Credit Card would be part of our:

- A. Prepaid Expenses and Secured Cash-Credit Loan, respectively
- B. Cash & Cash Equivalents and Unsecured Cash-Credit Loan, respectively
- C. Cash & Cash Equivalents and Other Payables, respectively
- D. Prepaid Expenses and Provisions, respectively
- E. None of the above

Reason: _____

126. If you were a wholesale trader of Onion – following LIFO method of Inventory Valuation (and having decent quantity of stock for the past one year in a cold storage). Reading Page 3 news item titled "Government Considers Importing ... ". We can confidently state that:
- A. Your Inventory Valuation will Zoom Up and be visible like Dalma Pahar
 - B. Your Inventory Valuation will Zoom Down and be visible like Subarnarekha Rivulet
 - C. Your Inventory Valuation will be unaffected
 - D. Your Profits will wildly fluctuate
 - E. Both (b) and (d)

Reason: _____

Question no. **127 to 134** are based on the financial report of "Bank of Baroda" from Pages **4 to 7**. Please select an item of your choice:

127. Balance Sheet figures convey that, Bank of Baroda in last two years has passed through a....
- A. Highly mature phase
 - B. Highly unstable phase
 - C. High Growth Phase
 - D. Negative Growth Phase
 - E. Can't Say

Reason: _____

128. Income Statement figures for past two years convey that, Bank of Baroda in FY2015 (compared to FY2014) has a
- A. Sharp Increase in CoGS
 - B. Decent Increase in S,G & A Expenses
 - C. Increased Dividends
 - D. Both (a) and (b)
 - E. Both (a) and (c)

Reason: _____

129. FY2015 RoE of BoB has shown a _____ compared to FY2014
- A. No change
 - B. Increase
 - C. Decrease
 - D. Drastic Fall
 - E. Can't be computed

Reason: _____

130. A key reason behind your response to Q. 129 was
- A. Stock Split
 - B. Equity Multiplier
 - C. Asset Turnover
 - D. Net Profit Margin
 - E. All of the above

Reason: _____

131. Which one of the following do you agree to:

- A. The organization needs to restructure to a lower financial leverage
- B. Lack of business ensures such a high financial leverage
- C. GPM of the company is highly unstable
- D. Bonus shares has resulted in a high financial leverage
- E. Nature of business ensures such a high financial leverage

Reason: _____

132. In terms of unadjusted EPS figures for the two years, the following can be agreed on:

- A. FY2015 EPS << FY2014 EPS
- B. FY2015 EPS < FY2014 EPS
- C. FY2015 EPS = FY2014 EPS
- D. FY2015 EPS > FY2014 EPS
- E. FY2015 EPS >> FY2014 EPS

Reason: _____

133. In terms of unadjusted DPS figures (including Dividend Tax) for the two years, the following can be agreed on:

- A. DPS for FY2015 is Rs. 3.20
- B. DPS for FY2014 is Rs. 25.03
- C. DPS for FY2016 will be Rs. 3.83
- D. Both (a) and (b)
- E. All of the above

Reason: _____

134. The Dividend Payout Ratio of BoB Pattern indicates

- A. A steady 44-45% Dividend payout ratio
- B. Dividend Payout Ratio is fallen in FY2015 compared to FY2014
- C. A volatile Dividend payout ratio
- D. A steady 24-25% Dividend payout ratio
- E. A steady 84-85% Dividend payout ratio

Reason: _____

Section II

[Each Correct answer + 1 marks; No negative marks]

Refer to Pages 4-7, Financial Report of the Bank of Baroda Limited. Did the bank have any changes in its shareholding capital (say, by way of New Issue or redemption OR buy back OR bonus OR split OR similar):

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

202. 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:

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

Section III

[Each Correct answer + 1 marks; No negative marks]

Refer to Pages 4-7, Financial Report of the Bank of Baroda Limited – specifically, the **Cash Flow Statement (please focus on items with a size of more than Rs. 300 crores)**.

204. What were the major sources of cash during the last two years?
205. What were the major uses of cash during the last two years?
206. Was cash flow from operations greater than or less than net income? Explain in detail the major reasons for the differences in these two figures.
207. Was the firm able to generate enough cash from operations to pay for all of its expenditures?
208. Did the cash flow from operations cover both the capital expenditures and the firm's dividend payments, if any?
If it did, how did the firm invest excess cash?
If not, what were the sources of cash the firm used to pay for the capital expenditures and/or dividends?

209. Were the working capital items (current asset and current liability) accounts other than cash primarily sources of cash or uses of cash?
210. What other major items affected cash flows?
211. Based on the evidence in the Statement of Cash Flow alone, what is your assessment of the financial strength of the business (on a bankruptcy scale of 1-10, with the best getting 10)? Why?

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