

XLRI JAMSHEDPUR – BM I
Quiz 1, Time: 75 Minutes, Total Marks: 10, Weightage 10%,Date-04.07.2017

NAME: _____

ROLL # _____

INSTRUCTIONS

This is a closed book examination. You are not allowed to borrow books, calculators, etc. Answer all questions. Marks in brackets at the start of each section indicate the marks assigned for that section. In case of, Section I, II, III you are required to mark (tick) the most appropriate choice in the question paper itself and also work out the solution (or given reasonable explanation) in the blank space provided below or on the other side of the page. The question paper is based on the Newspaper Cut outs of Business Standard. Having no explanation or leaving blank will lead to no evaluation. Writing Junk or irrelevant answers will also lead to negative marking.

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.

SECTION I: ANALYSIS OF THE STATEMENT

[Total: 2.5 Marks, Each Correct Answer: +0.5 mark, Each wrong / unattempted answer: -0.25 mark.]

1. There are some big changes in the given Financial Statement of company "A" during Financial Year 2017. What might be the reasons for such a change. Mention any three changes in the statement with possible reasons.
 - a) Long term Investments has gone up
 - b) Short Term Investment has gone down
 - c) Reserve & Surplus has increased
 - d) Long Term Borrowings has gone down
 - e) Short Term Borrowings has decreased
 - f) Investment in subsidiaries & associates has decreased

2. The Goodwill of the company "A" remains constant when compared to previous year statement. Can you state possible reasons of the same?

Goodwill remains constant in rare cases, the probable reason is typically be that there is no other company with equivalent assets with them (say, License to do a business in a particular country or Place) . Also its granted for a lifetime basis (assumption) for the subsequent years.

3. Mention clearly visible "Accrued Liabilities" item in the Statement of Company A. Also mention the Total amount of the same.

Here, Employee benefit obligations is the accrued liabilities which amounts to Rs.1278.33Lakhs

4. Answer this using the cut outs of the financial statements given:-

During Financial Year 2017, one can confidently say that Company F/Ccompany B Company did not adopt Ind AS. A possible reason for this might be In case of company "F", finance or Insurance company are still not in the purview of the Ind AS/ In case of Company "B" The company is very small scale & hence doesn't need not comply to the requirement of Ind-AS as per IFRS implementations roadmaps.

5. In company "H", the amount mentioned is only in Rupees Lakhs. A possible reason for the company not mentioned the figures in Rupees and paisa i.e , decimals can be : The company is not disclosing its financial statements in paisa because of the Materiality or usefulness concept. Wherein the company running a huge business need not disclose the small amounts in their financial statements./Cost of Processing Information

SECTION II: CHOOSE THE APPROPRIATE ANSWERS AMONGST THE GIVEN OPTIONS

[Total: 2.5 Marks, Each Correct Answer: +0.5 mark, Each wrong / unattempted answer: -0.25 mark.]

1. Company B had the following Notes:-

The company has Group Gratuity Scheme with Birla Sun Life Insurance Company Limited for payment of gratuity to its employees and accordingly the company has made payment to meet the company's liability on (iii) Going Concern Basis in respect of gratuity.

- i) *Timeliness Basis*
- ii) *Property Rights Basis*
- iii) *Going Concern Basis*
- iv) *Usefulness Basis*

2. From the Balance Sheet of Company "B" give answer of the following:

Which of the following would you agree to regarding Non-Current Investment for the company?

- i) *It did not change in the current Financial Year*

- ii) *It was nearly 2% of the whole Balance Sheet*
- iii) Both (i) & (ii) is correct**
- iv) *None of the Above is correct*

3. From the Balance Sheet of Company “D” which statement is Correct?

- i) *The company raised the capital by public offering of equity shares.*
- ii) *The Inventories went up*
- iii) Deferred Tax is shown both in Asset & Liabilities side**
- iv) *The company did not invest in long term assets*

4. On the basis of judgment of yours which one is true for the Company “E”?

- i) Provision of the company is nearly 35% of the Liabilities side of Balance sheet**
- ii) *Company’s Reserves & surplus has Increased by 83.7%*
- iii) Policy Holder’s investment is more than shareholder’s investment.**
- iv) *Both (i) & (ii)*

v) All (i), (ii) & (iii)

5. During the Financial Year 2017 , we can agree to the following

- i) *Topline of the company “H” has increased.*
- ii) *Topline of the Company “I” has increased*
- iii) *Bottom line of the Company “H” has increased.*
- iv) *Bottom line of the Company “I” has increased.*

v) All of the above.

vi) *None of the above*

SECTION III: GIVE ANSWERS WITH APPROPRIATE REASONING

1. **State briefly whether the statements are Correct or Incorrect :**

For Example: *Deferred Tax Can be shown in the Asset Side.*

Ans: Correct, such as Road Tax paid during the time of purchase of vehicle

i) *The closing stock of the given companies need not be physically verified and valued .*

[Ans: Incorrect]

ii) *Contingent liabilities of these given companies are treated as actual liabilities, hence shown in the Balance Sheet.*

[Ans : Incorrect]

iii) *The books of account have been prepared of these given companies are according to the accepted principles of accountancy and have followed accounting standard issued by different regulatory bodies.*

[Ans: Correct]

iv) *Possible Future Expenses of these given companies are those whose neither expense nor is amount certain.*

[Ans : Incorrect, happening is more or less certain but Amount is uncertain]

2. Fill the missing figures in the balance sheet of company "G" and give two comments on the company's Debt & Equity.
3. On the basis of your understanding calculate the missing figures in the Profit & Loss of the company "H":
4. On the basis of your analysis, Can you tell the company name whose Balance Sheet is linked with the Statement of Profit & Loss of the Company "I"? Also mention why?

Ans: Company "A" Reserve & Surplus can be indication assuming the company doesn't have given any dividend.

SECTION IV: FILL IN THE BLANKS WITH APPROPRIATE ANSWERS

[Total: 3 Marks, Each Correct Answer: +0.5 mark, Each wrong / unattempted answer: -0.25 mark]

Identify the following companies from the given Balance Sheets, Specify the Company with relevant reasons in brief:

SI no	Company	Identify the company	Reasons
a.	One of the leading Indian Airline company ,such as Jet Airways	C	Due to Huge Capex, The Trade payables are pretty much higher. Also accumulated losses are the part of shareholders' Funds
b.	A famous Tea company. ,such as Ananda Bag Tea Limited	B	Inventories as a proportion of Balance sheet are high (50%).The company has a Low Fixed Asset. Also the company doesn't has any intangible asset.
c.	A Non- Banking financial company. ,such as Acme Resource Limited	F	Company has a huge amount of Long Term & short Term borrowings. Company has a proportionately lower fixed asset when compared to the total size of Balance Sheet. The company has has a good proportion of both Short Term & Long Term Loans & advances
d.	A leading Life Insurance company ,such as Max Life Insurance	E	Due to having account heads which is not followed or disclosed in the company's Balance Sheet such as , Policy holder Investment & Policy liabilities.
e.	A Hotel Industry ,such as East Indian Hotels Ltd (The Oberoi Group)	D	Due to heavy amount of Property Plants & Equipments.Lower Inventory & Trade payables when compared to the size of balance sheet.

f.	A leading player in media sector, such as Jagran Prakashan	A	Trade receivables are comparatively higher with respect to the other given companies. The Fixed Asset of the company comprises of a bigger portion of the Balance sheet. The Company has more of Trade Receivables.
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Company H

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Ace Stone Craft Limited

CIN: L26994OR1992PLC003022

Regd. Off: Plot No.1210, Mahanadivihar P.O. Nayabazar, Cuttack Orissa-753004

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Extract of Statement of Standalone Audited Financial Results for the Quarter and Year ended on March 31st, 2017

S. No.	Particulars	Amount in Lacs				
		Quarter Ended			Year Ended	
		31.03.2017 (Audited)	31.12.2016 (Unaudited)	31.03.2016 (Audited)	31.03.2017 (Audited)	31.03.2016 (Audited)
1	Income from Operations					
	(a) Net Sales/Income from Operations (Net of excise duty)	0	0	0	0	0
	(b) Other Operating Income	215.45	22.8	134.7	215.45	134.7
	Total income from Operations (net)	215.45	22.8	134.7	215.45	134.7
2	Expenses					
	(a) Cost of Materials consumed	0	0	0	0	0
	(b) Purchase of stock-in-trade	0	0	0	0	0
	(c) Changes in inventories of finished goods, work-in-progress and stock-in-trade	0	0	0	0	0
	(d) Employee benefits expense	13.04	3.49	4.91	13.04	4.91
	(e) Depreciation and amortization expense	0	0	0	0	0
	(f) Finance Costs	74.77	5.3	118.38	74.77	118.38
	(g) Other expenses	16.69	12.19	8.33	16.69	8.33
	Total Expenses	104.5	20.98	131.62	104.5	131.62
3	Profit from operations be fore exceptional/ extra-ordinary items (1-2)	110.95	1.82	3.08	110.95	3.08
4	Exceptional/ Extra-Ordinary Income/ (expenses)	0	0	0	0	0
5	Profit / (Loss) before tax (3-4)	110.95	1.82	3.08	110.95	3.08
6	Tax expense:	36.82	0	0.95	36.82	0.95
	Current Tax	34.28	0	0.95	34.28	0.95
	Deferred Tax	2.54	0	0	2.54	0
7	Net Profit/(Loss) after tax (5-6)	74.13	1.82	2.13	74.13	2.13
8	Paid-up equity share capital	2349.21	2349.21	2349.21	2349.21	2349.21
9	(Face Value of the Share shall be indicated)	10	10	10	10	10
10	Reserve excluding Revaluation Reserves as per balance sheet of previous accounting year	86.81	24.43	24.43	86.81	24.43
11	Earnings per share of Rs. 10/- each (not annualized)					
	Basic (Rs.)	0.27	0.01	0.01	0.27	0.01
	Diluted (Rs.)	0.27	0.01	0.01	0.27	0.01

Company G

Statement of Standalone and Consolidated Assets and Liabilities as at 31st MARCH, 2017				(Rs. in Lacs)
Particulars	AS AT			
	Standalone		Consolidated	
	31.03.2017	31.03.2016	31.03.2017	31.03.2016
EQUITY AND LIABILITIES				
1. SHAREHOLDERS FUNDS				
i) Share Capital	1,000.80	1,000.80	1,000.80	1,000.80
ii) Reserve and surplus	432.28	393.98	423.79	385.54
	1,433.08	1,394.78	1,424.59	1,386.34
2. NON CURRENT LIABILITIES				
i) Deferred tax liabilities (net)	-	-	-	-
ii) Long term provisions	5.90	5.75	5.90	5.75
	5.90	5.75	5.90	5.75
3. CURRENT LIABILITIES				
i) Short term borrowings	-	11.00	-	11.00
ii) Trade payables	-	67.25	-	67.25
iii) Other current liabilities	9.66	26.20	9.77	26.25
iv) Short-term provisions	49.32	41.52	49.47	41.67
	50.98	146.97	59.24	146.17
	-	-	0.01	0.01
4. MINORITY INTEREST				
Total	1,497.96	1,546.50	1,489.73	1,538.27
ASSETS				
5. NON CURRENT ASSETS				
Fixed assets				
Tangible assets				
2.70	2.70	2.70	2.70	2.92
2.70	2.92	2.70	2.70	2.92
Non current Investments	165.53	295.05	114.53	244.05
Deferred tax assets	9.80	9.84	9.80	9.85
Long-term loans and advances	88.31	85.59	89.16	86.44
	266.34	393.41	216.19	343.26
6. CURRENT ASSETS				
Inventories	827.75	696.81	827.75	696.81
Trade Receivables	84.42	0.03	84.42	0.03
Cash and cash equivalents	209.85	355.32	213.91	359.37
Short term loan and advances	109.60	100.93	147.46	138.80
	1,231.62	1,153.09	1,273.54	1,195.01
Total	1,497.96	1,546.50	1,489.73	1,538.27

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Terms of evaluations.

Section I

1. Two or more correct answer = 0.50, less than that -0.25
2. Exact answer given in suggested answer = 0.50, else than that -0.25
3. Exact answer with exact amount calculated = 0.50, part correct answer / wrong answer -0.25
4. Any one company given as answer amongst the suggested solution with proper reasons = 0.50. part answer/ wrong answer -0.25
5. Concept of materiality need to be mentioned = 0.50, anything else written -0.25

Section II

All correct answers = 0.50, all unattempted/ wrong answer = -0.25

Section III

1. Any Two or more correct answer = 0.50, Less than two correct answer = -0.25
2. Minimum Three Correct answer = 0.50 , Less than three/ unattempted = -0.25
3. Minimum two correct answer = 0.50 , Less than two / unattempted = -0.25
4. Exact answer given in suggested answer = 0.50, else than that -0.25

Section IV

All correct answers = 0.50, all unattempted/ wrong answer = -0.25