

XLRI JAMSHEDPUR – AFM I
Quiz, Time: 90 Minutes, Total Marks: 15, Month: July-2016

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. , you are required to mark 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.

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: MATCH THE FOLLOWING

(Total: 2.5 Marks, Each Correct Answer + 0.25 marks, Each Wrong Answer 0.25 mark)

Match the Following: Users and their need for Organizations ‘Accounting Numbers’

1. SEBI, RBI and such Regulatory Bodies	i. What level of wage increment should we bargain for (in the next meeting)?
2. Employees Union	ii. To decide on giving incentives/subsidies to a specific industry
3. Investors	iii. Does this organization have the capacity to increase its business and generate returns?
4. Equity analysts	iv. Can these numbers reveal the quality of receivables (to be potentially funded)?
5. Mutual fund managers	v. Should I invite this firm in my ‘request for proposal’ for the next turnkey power plant?
6. Present Customer	vi. Are the securities listing norms being adhered to by this publicly listed organization?
7. Likely Customer	vii. Does the company have financials to give quick returns?
8. Trade financier	viii. Is my supplier going to be a regular reliable source at low cost in long run?
9. Stock Traders (speculators)	ix. Are the accounting characteristics of this firm matching with the capital market optimism?
10. Central Government, Ministry of Commerce and Industries	x. Is the firm investing enough to sustain the past growth opportunities and enhance them further?

SECTION II: RAM TRADERS CASE**Ram Traders: Balance Sheet**

(Total: 10 Marks, Each Correct Answer +1 marks, there are no negative marks)

Ram decides to start a business in the local vegetable market of Jamshedpur. **The case below is completely based on your roll number (Z being the last three digits of your roll number) and day of birth (Y) as per your records.**

- ⌘ Example 1: If your roll number is HR16008 and Date of Birth is 22-Jun-1748 then Z will be '008' and Y will be '22'.
- ⌘ Example 2: If your roll number is HR16023 and Date of Birth is 29-Feb.-2008 then Z will be '023' and Y will be '29'.
- ⌘ Example 3: If your roll number is HR16209 and Date of Birth is 01-Dec-1899 then Z will be '209' and Y will be '01'.

We provide the transactions and events against each date for Ram Traders below. You are required to prepare the position statement of the organization.

- ❖ **Date 1-June** Ram starts a trading entity (Ram Traders) with capital Rs "2Z+1" Thousand
- ❖ **Date 1-June** Ram Traders borrows Rs "Y+1" Thousand from Ms. Champa (interest will be at Simple Interest @ 2% p.a. payable at end of the month)
- ❖ **Date 2-June** Ram takes on hire a "small shop" (i.e., shed or gmooty) in Sakchi Sabji Bazaar (i.e., local vegetable market) on a daily rent of Rs "Z+1" per day deposit of Rs "Z+1" hundred)
- ❖ **Date 2-June** Ram purchases "Y+1" Bags of Red Chillies (i.e., Lal Mirchi) from Pappu at the rate of Rs "Z+1" per Kilogram (remember 1 red Chilli bag = 20 Kgs)
- ❖ **Date 5-June** Ram purchases "Z+1" Bags of Green Chillies (i.e., Hari Mirchi) on Credit from Laddu at the rate of Rs "Y+1" per Kilogram (remember 1 green Chilli bag = 40 Kgs)
- ❖ **Date 6-June** Ram spends Rs 1,000 on sales promotion (such as pamphlets, advertisement on local cable network)
- ❖ **Date 7-June** Ram Childhood Classmate Akella Veera Venkata Vijayawada Sitaramanjaneyula Rajasekhara Yarlagadda Venkata Samba Siva Rao, Tennis Superstar Ms. Sania Mirza, IPL Dada Shri Lalit Modi, Badminton Champion Ms. Saina Nehwal, Prime Minister Shri Narendra Modi, Bollywood King Shri Shah Rukh Khan, Chennai-based Indian Super Star Shri Rajinikanth, Bollywood Beauty Ms Anushka Sharma, Delhi Tiger Shri Virat Kohli, Indian National Congress President Ms Sonia Gandhi, XL General Secretary Shri Abhijit Roy and Puratchi Thalaivi Amma Jayalaitha Jayaram jointly launch a massive campaign to promote the health benefits of eating Chilli along with International YOGA DAY (as part of Healthy India Campaign using funds from the Government Budget Allocation)
- ❖ Every day Ram Traders sells large amounts of Green Chillies and Red Chillies. Due to the high Demand Ram starts Rationing of Chilli and selling only 1 Kg per customer.
- ❖ **Date 13-June** Ram Traders CEO Ram while watching "F" TV channel, comes to know of a new combo flavor (some kind of mixture prepared by using both red & green chilly) being more popular seasoning these days. Hence the trading entity

lends 1 kilo each of red & green chilly to his mother-in-law for doing research to identify the exact mix in this new combo flavor.

- ❖ **Date 19-June** Ram completes reading a book titled "Thought Leaders for the Future Generation" by Harvard Guru Pankaj Ghemawat. He decides to re-write the book in Maithili, Hindi and the local tribal language i.e., Santhali
- ❖ **Date 23-June** A customer hits Ram with a Stone (on some petty argument). Ram is injured. Ram Trader's employee Raju puts 1 Kilogram of green Chilli on the customer's eyes. Finally, both settle the matter and become good friends by hiring each other.
- ❖ **Date 24-June** Ram sells 80% of the purchased Red Chilli at an average price of Rs 50 per Kg. He sells 90% of the purchased Green Chilli at a average price of Rs 50 per Kg
- ❖ **Date 25-June** Ram's wife turns sweet sixteen. He celebrates his wife's Birthday. He gifts her 1 Kg of Green Chilli and 1 Kgs of Red Chilli. His wife goes ecstatic.
- ❖ **Date 26-June** Due to high volatility in Chilli prices, Ram gets heart attack. Based on Medical advice from Dr. T K Banerjee, Ram decides to close the shop for the next one week.
- ❖ **Date 30-June** Ram Traders pays up the interest to Ms Champa (if any). In return, Ms Champa gives Ram a *Get Well Soon* Greeting Card.
- ❖ **Date 30-June** Ram knows that his employee Raju has to collect this month's salary of Rs. 1,000. He finds Raju to be absent that day. Ram decides to pay him on the next working day.
- ❖ **Date 30-June** Ram Traders purchases shop furniture worth Rs "Y + 1" hundred on credit from M/s Arunachal Green Plywood. Delivery of furniture is done on the same day. Ram promises to make payment in 21 days.
- ❖ **Date 30-June** Ram decides to compute the three financial statements. Ram Traders provides for 40% income tax (proportionate-basis) based on the prevalent taxation norms.

Based on the details above, please prepare the financial position as on 30th June. Please fill the question marked portion:

Ram Traders Balance Sheet as on 30th June (all figures in Rs.)

Assets		Liabilities and Owner's Equity	
Cash		Payables	
Inventory		Loan	
Prepaid Rent		Provisions	
Total Current Assets	?	Total Liabilities	?
		Capital	
Fixed Assets		Profit	?
Total Fixed Assets		Total Owner's Equity	
Total Assets		Total Liabilities and Owners Equity	?

Please fill the question marked portion:

Ram Traders Profit & Loss Account for the Period 1st to 30th June

(all figures in Rs.)

Horizontal Format			
Cost of Goods Sold		Sales Net	?
Gross Profit		Other Income	
Depreciation Expense		Gross Profit	?
Other Operating Expense			
Operating Profit	?		
Interest Expense	?	Operating Profit	
Profit Before Tax			
Income Tax Provision	?	Profit Before Tax	
Net Profit After Tax			
Withdrawals (OR Dividends)		Profit After Tax	
Retained Earnings	?		

Space to do your rough work:

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SECTION III: FILL IIN THE BLANKS

(Total: 3 Marks, Each Correct Answer + 0.25 mark, Each Wrong Answer 0.25 mark)

1. CHINKU'S MISMASH

Chinku was looking into the microfinance companies based in India. He came across, India's biggest firm, SKS Microfinance Limited. The firm was registered as a non-banking finance company (NBFC) and listed in the Stock Exchanges. He started jotting down a few figures of the company's balance sheet. However, in his rush – he missed many. Please help Chinku in filling them up.

SKS Microfinance Limited	
Balance Sheet as on March 31, 2015	
Particulars	Amount in Rs. Million
EQUITY AND LIABILITIES	
Shareholder's Fund	
Share Capital	?
Reserves and Surplus	9,202
	10,465
Non-current liabilities	
Long Term Borrowings	?
Long-Term Provisions	127
	10,699
Current Liabilities	
Short-Term Borrowings	6,096
Other Current Liabilities	19,272
Short-Term Provisions	455
	?
TOTAL	46,987
ASSETS	
Non-Current Assets	
Fixed Assets	
Tangible Assets	52
Intangible Assets	38
Intangible Assets under development	13
Non-Current Investments	2
Long-Term Loans and Advances	2,448
Other Non-Current Assets	?
	3,805
Current Assets	
Trade Receivables	?
Cash and Bank Balances	15,368
Short-Term Loans and Advances	27,136
Other Current Assets	645
	?

TOTAL	?
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Source: BSE India: SKS Microfinance Limited Annual Reports, *BSE India*, Web, 18 Dec, 2015.

It was known that in FY2014, the share capital of SKS Microfinance was 1,082 million. Chinku wanted to know if the firm increased its share capital during FY 2015?

Please help Chinku in filling the 'profit and loss statement'.

SKS Microfinance Limited	
Statement of Profit and Loss for the year ended March 31, 2015	
Particulars	Amount in Rs. Million
Income	
Revenue from operations	?
Other income	791
Total revenue (I)	8,031
Expenses:	
Employee benefit expenses	2,319
Finance costs	2,790
Other expenses	840
Depreciation and amortization expenses	?
Provisions and write-offs	100
Total expenses (II)	?
Profit before tax (III) = (I)-(II)	1,934
Tax expenses	
Current tax (MAT)	60
Excess provision for tax relating to earlier years (net)	?
Total tax expense (IV)	?
Profit after tax (III)-(IV)	1,877

Source: BSE India: SKS Microfinance Limited Annual Reports, *BSE India*, Web, 18 Dec, 2015.

It was known that in FY2015, the earnings per equity share of SKS Microfinance was Rs. 15.22. Chinku wanted to know the approximate unit of equity shares for SKS Microfinance (in its share capital) during FY 2015?