

XLRI JAMSHEDPUR – BM-TERM I, MANAGEMENT ACCOUNTING I
End-term Examination, Time: 100 Minutes, Weightage: 30%, Date: 05 Sep. 2015

NAME: _____ **ROLL #** _____

INSTRUCTIONS

This is an open book examination based on ‘Business Standard’ Newspaper dated 25-06-2016. However, 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, RANK the names / roll numbers of other group members whom you believe have contributed the most for annual report based assignments, case write ups, discussions, and preparation (including analysis, etc.):

Name/Roll No of the Student →	Student 1 (Most contributed) ↓	Student 2 ↓	Student 3 ↓	Student 4 ↓	Student 5 ↓	Student 6 (Least contributed) ↓
Example 1 (for 6 member group)	Sabyasachi	Santosh	Prantik	Uday	Pitabas	Ram Kumar
Example 2 (for 4 member group)	Pitabas	Uday	Santosh	Ram Kumar		
Your Group (please fill) →						

SECTION I: MULTIPLE CHOICE QUESTIONS

[Each Correct answer +½ marks; Wrong answer –¼ marks]

1. Refer to weekend stories page (i) article titled “Studio stories”. If M/s Bourne & Shepherd Private Limited and M/s Life Insurance Corporation of India Limited (LIC) were to close their books as per Ind-AS on 31st March 2016 and its annual report were to be published on 30th June then
- A. Ind-AS 10 would get triggered for M/s Bourne & Shepherd Private Limited
 - B. Ind-AS 10 would get triggered for M/s Life Insurance Corporation of India Limited (LIC)
 - C. Both (A) and (B)
 - D. None of the Above

Reason: _____

2. Refer to weekend stories page (i) article titled “Studio stories”. If M/s Bourne & Shepherd Private Limited closes its books as per Ind-AS on 31st March 2016 then as an auditor you would suggest _____ to them.
- A. To prepare its financial statement on a going concern basis
 - B. To not give any disclosure regarding going concern assumptions
 - C. Both A and B
 - D. None of the above

Reason: _____

3. Refer to weekend stories page (i) article titled “Studio stories”. Refer to the discussion within studio stories article regarding M/s Bourne and Shepherd Private Limited vis-à-vis M/s LIC of India limited, this particular event can be called as:
- A. Non-adjusting event
 - B. Adjusting event
 - C. Prior period event with respect to changes in accounting policies
 - D. Prior period event with respect to changes in accounting estimates

Reason: _____

4. Refer to the weekend portion, page (ii) article titled “Returned from the Dead”. If you were the village money lender (Sahukar) to the Yadav family and you had given a loan of Rs. 1 Lakh at an interest of 20% p.a. in September 2009 against a personal guarantee of Shri Dharamveer Yadav – then, after reading this news item your accounting entries for the FY2017 would treat this loan amount as:

- A. Ind-AS 8, Part of prior period errors
- B. Ind-AS 8, part of changes in accounting period estimates
- C. Ind-AS 8, part of changes in accounting policies
- D. None of the above

Reason: _____

5. This question is a continuation of previous question i.e., # 4. In April 2017, as the money lender (Sahukaar) you would show in your books unearned revenue worth _____.

- A. 3,94,150
- B. 2,94,150
- C. 4,94,150
- D. 94,150

Reason: _____

6. Refer to weekend stories page (ii) article titled “Technology Speaks”. As on FY2016, if M/s Uniphore were to report its numbers as per Ind-AS then.

- A. Its asset would be undervalued
- B. Liability would be overvalued
- C. Both A and B
- D. Ind-AS 105 would be applied

Reason: _____

7. Refer to weekend stories page (ii) article titled “Packing Up”. After reading the article one can say that Ms. Mitali Saran would be having

- A. Lots of Liabilities in her Balance Sheet
- B. Lots of Assets in her Balance Sheet
- C. Lots of Investment property (as part of Ind-AS 40) in her Balance Sheet
- D. None of the above

Reason: _____

8. Refer to page 12 of the main sheet to the advertisement of Exide Industries Limited. This particular advertisement cost would be a part of _____ for Exide Industries and would be _____ for M/s Business Standard publishers

- A. Cost of goods sold, Other income
- B. Cost of goods sold, Operating Income
- C. General and administration expenses, Operating Income
- D. General and administration expenses, Other Income

Reason: _____

9. Refer to the page 4 of the main paper, article titled “Top level talent crunch hits IDBI Bank”. The article suggests which of the following:

- A. Ind-AS 1 has been violated for FY 2016
- B. Ind-AS 8 has been violated for FY 2016
- C. Ind-AS 10 has been violated for FY 2016
- D. None of the above

Reason: _____

10. Refer to the page 4 of the main paper, article titled “Top level talent crunch hits IDBI Bank”. The discussion suggests that IDBI has probably not followed _____ in its accounts

- A. Accrual principle
- B. Prudence principle
- C. Going concern
- D. None of the above

Reason: _____

11. Refer to the page 4 of the main paper, article titled “Top level talent crunch hits IDBI Bank”. The discussion hints at IDBI’s need for more capital in its Balance Sheet. A probable reason is because of it playing a _____ to enhance its ROE (compared to rest of players across all sectors)

- A. Margin Based Game
- B. Volume Based Game
- C. Leverage Based Game
- D. All of the above

Reason: _____

12. Refer to the page 4 of the main paper, article titled “SIDBI targets Rs 1,80,000 Crores disbursal”. The article hints which of the following

- A. SIDBI and its subsidiaries are more or less equal in size
- B. SIDBI’s business is significantly larger than its subsidiaries
- C. SIDBI’s business is significantly smaller than its subsidiaries
- D. None of the above

Reason: _____

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13. Refer to the page 4 of the main paper, “Odisha Mining Corporation Limited” Notice. The cost of this particular notice would be a part of OMC’s
- A. Cost of goods sold
 - B. SG&A expenses
 - C. Depreciation and Interest expenses today
 - D. Depreciation and Interest expenses in future

Reason: _____

14. Refer to the page 1 of the main paper, article titled “Pay \$1.17 Bn to Docomo: UK court to Tata Sons” and its related Page 2 article. Based on the article we can agree on
- A. Tata Sons should disclose the item as a contingent liability
 - B. Tata Sons should provide for the stated amount in its book
 - C. Docomo can show the same as contingent asset
 - D. Both B and C

Reason: _____

15. Refer to the page 1 of the main paper, article titled “Pay \$1.17 Bn to Docomo: UK court to Tata Sons” and its related Page 2 article. Do you see any corporate governance issue by
- A. Tata Sons
 - B. Docomo
 - C. Both A and B
 - D. None of the above

Reason: _____

16. Refer to weekend stories page (iv) article titled “Indian wines go premium”. The discussion in the article suggests the following
- A. Wine companies following Weighted Average Method in Inventory Valuation would be showing a more realistic Balance Sheet than others (Ceteris Paribus)
 - B. Wine companies following First in First Out Method in Inventory Valuation would be having their Balance Sheet undervalued than others (Ceteris Paribus)
 - C. Wine companies would be forced to value their output in terms of the net realizable value.
 - D. Both A and B

Reason: _____

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17. Refer to the weekend stories page (iv) articles titled “Fashion overhaul” and “Quite a Shot”. Which of the one is more appropriate ...
- A. Shehlaa Studios is probably playing a margin based game to maximize profitability
 - B. Pernia Qureshi’s Design is probably playing a margin based game to maximize profitability
 - C. Jagermeister probably playing a margin based game to maximize profitability
 - D. All of the above

Reason: _____

18. Refer to the weekend portion, page 2 Stocks article titled “Board Meetings” Company, Purpose; June 29 Deep Industries limited”. The information provided therein suggest that Deep Industries would be referring to _____ Ind-AS _____ to show its new information and its effects

- A. Ind-AS 21
- B. Ind-AS 31
- C. Ind-AS 34
- D. Ind-AS 103

Reason: _____

19. Refer to the weekend portion, page 1. The advertisement of Kolkata Debts Recovery Tribunal-3, the state property of One Bagan Bari and detailed therein would be part of the _____ of M/s Kaushik Ray and ANR (certified debtors)
- A. Current asset
 - B. Non-current asset
 - C. Contingent asset
 - D. None of the above

Reason: _____

SECTION II: FILL IN THE BLANKS / EXPLANATORY QUESTIONS

(Each Correct Answer +½ mark, Each Wrong Answer –¼ mark)

1. Refer to Indian Bank’s financial statement given in pages 4-6 of the weekend portion of the newspaper. We don’t observe interest as an item in its cash flow statement. What is the possible reason for the same:

Reasons/Calculations:

2. Refer to Indian Bank’s financial statement given in pages 4-6 of the weekend portion of the newspaper. We observe that its *cash flow from operations* is _____ than its *profit after tax* in FY2015. The primary reason for the same is _____

Reasons/Calculations:

3. Refer to Indian Bank’s financial statement given in pages 4-6 of the weekend portion of the newspaper. We observe that for FY2016, its *cash flow from operations* is _____ than its *profit after tax*. The biggest reason behind the same is _____

Reasons/Calculations:

4. Refer to Indian Bank’s financial statement given in the pages 4-6 of the weekend portion of the newspaper. If business growth were to be measured by the amount of advances done by a bank then one can say that the business in FY2016 for Indian bank was _____ compared to the business done by Indian bank in FY 2015.

Reasons/Calculations:

5. Refer to Indian Bank’s financial statement given in pages 4-6 of the weekend portion of the newspaper, specifically, cash flow statement. We can say that: While in FY2015, Indian

Bank did _____ with borrowing; on the other hand, it did _____ with its borrowings in FY 2016.

Reasons/Calculations:

6. Refer to the Cash Flow Statement of Indian Bank given in pages 4-6 of the weekend portion of the newspaper. How was the [*Cash Flow from Operations*] compare to [CAPEX + dividends] in FY 2015? _____. If Yes, where was Excess Cash Invested? _____ If No, what were the additional sources of Cash?

Reasons/Calculations:

7. Refer to the Cash Flow Statement of Indian Bank given in the page 6 of the weekend portion of the newspaper. How was the [*Cash Flow from Operations*] compare to [CAPEX + dividends] in FY 2015? _____. If Yes, where was Excess Cash Invested? _____ If No, what were the additional sources of Cash?

Reasons/Calculations:

8. Refer to the weekend portion, page (viii) article titled “All About Power”. If Prithvi purchases the Mahindra vehicle at the price shown in the article and had done written down value for the first two year @ 30% depreciation and in the 3rd year he decides to change the depreciation to Straight Line Method (10 year life with 5% salvage value) then the accounting entries for year 3 will be

9. Refer to the weekend portion, page (viii) article titled “Extra Punch”. If you were to own a BMW M Sport Car at the price stated as in the article and use it & run it for 3 years having a written down value of depreciation of 30 % and after 3 year if you were to sell it for Rs. 30 lakhs then _____ would be your deferred tax _____.

Reasons/Calculations:

10. Due to transaction stated in the previous question i.e., # 9, the net cash inflow in investing activities (assuming that your organization owns the car; and no other tax/non-tax items) will reflect _____ amount.

Reasons/Calculations:

11. In the Profit & Loss Statement of M/s Business Standard Publishers – “Self-Consumption of advertisement portion” would be a positive item (i.e., with an opposite symbol within its expenses) in FY2017 due to _____.

Reasons/Calculations:

12. Refer to the weekend portion, page 2-3 Stocks article titled “Board Meetings” Company, Purpose; June 25 TATA Tele (M)”. The mention details therein along with the stock price of TATA Tele given in all other traded stocks along with information that the face value of TATA Tele (M) is Rs. 10, Conveys that perhaps the company is issuing redeemable preference share to ensure that it is not coming under the SICA Act i.e. The Sick Industrial Companies Act (by its lenders) to enable control over the firm.

Reasons/Calculations:

13. Refer to the weekend portion, page 2-3 Stocks, based on the information provided we can say that Just Dial had a EPS of _____ and Zee Entertainment had a EPS of _____.

Reasons/Calculations:

14. Refer to the weekend portion, page 1. The advertisement of the SBI Mutual Funds, If by paying 1% brokerage you were to purchase 1 Million SBI *Magnum Gilt Fund* long term plan (regular plan quarterly) then the accounting entry for you in case of cheque payment would be

Reasons/Calculations:

SECTION III: AGREE (YES) / DISAGREE (NO) WITH REASONING

(Each Correct Answer +¼ mark, Each Wrong Answer -¼ mark)

1. Refer to the weekend portion, page 2 Stocks article titled “Board Meetings” Company, Purpose; June 25 TATA Tele (M). The details of the company and purpose mention therein implies that the company is amending its Articles of Association: Agree/Disagree

Reasons/Calculations:

2. Refer to the weekend portion, page 2 Stocks article titled “Board Meetings” Company, Purpose; June 25 TATA Tele (M)”. The mention details therein along with the stock price of TATA Tele given in all other traded stocks along with information that the face value of TATA Tele (M) is Rs. 10, Conveys that perhaps the company is issuing redeemable preference share to ensure that it is not coming under the SICA Act i.e. The Sick Industrial Companies Act (by its lenders) to enable control over the firm: Agree/Disagree

Reasons/Calculations:

3. Refer to the weekend portion, page 3 Stocks, Based on the information provided one can say that steel Authority of India Limited had a par value of Rs. 10 and Siemens had a par value of Rs. 2: Agree/Disagree

Reasons/Calculations:

4. Based on the information provided in page 3 stocks, of the weekend portion, we can say that if Wipro were to announce a divided of 50% and Shakib had 1000 share of the company Shakib would have received a cheque of Rs. 1000: Agree/Disagree

Reasons/Calculations:

5. Refer to the weekend portion, page 1. We find 3 advertisement related to Steel Authority of India Limited, On reading the same one can say that as an when each of these activity materializes the IISCO Steel Plant item will go as part of cost of goods sold, the Bhilai Steel Plant item will go as part of its cost of goods sold and the Durgapur Steel Plant item will go as part of its other income: Agree/Disagree

Reasons/Calculations:

6. Refer to Indian Bank's financial statement given in pages 4-6. One can state that in FY2015 the company issued shares at a premium: Agree/Disagree

Reasons/Calculations:

7. Refer to Indian Bank's financial statement given in pages 4-6. We can say that In FY2016 the company issued a perpetual debt instrument with in India: Agree/Disagree

Reasons/Calculations:

8. Refer to Indian Bank's financial statement given in pages 4-6. The reward point earned by customers of Indian Bank, there is a provision been made for the same by the organization every year: Agree/Disagree

Reasons/Calculations:

9. Refer to Indian Bank's financial statement given in pages 4-6. If the bank were to purchase last year five iPhones for its top executives the same would be expensed out in the same year: Agree/Disagree

Reasons/Calculations:

10. Refer to Indian Bank’s financial statement given in pages 4-6. The bank is following Ind-AS and this has resulted in 9 auditors Qualification: Agree/Disagree

Reasons/Calculations:

11. Please refer to pages 4-6 of weekend section containing Indian Bank’s financial statements. Watching the items within deferred items one can say that ‘written off accounts worth Rs. 504.21 crores’ were probably not expensed out in the income tax P&L statement but expensed out in the annual report-based income statement : Agree/disagree.

Reasons/Calculations:

12. Please refer to pages 4-6 of weekend section containing Indian Bank’s financial statements. The bank has not adopted Ind-AS 24 because: Watching the items within deferred items one can say that ‘written off accounts worth Rs. 504.21 crores’ were probably not expensed out in the income tax P&L statement but expensed out in the annual report-based income statement : Agree/disagree.

Reasons/Calculations:

13. Please refer to pages 4-6 of weekend section containing Indian Bank’s financial statements. The bank has not adopted Ind-AS 24 and 32 as it is a National Bank : Agree/disagree.

Reasons/Calculations:

14. Please refer to pages 4-6 of weekend section containing Indian Bank's financial statements. If Javed owned 1000 shares of the company then from FY2016's performance of Indian Bank, he would have received a dividend cheque of Rs. 1,500/- : Agree/disagree

Reasons/Calculations:

15. Please refer to page 2 of main section article titled "Advani in consolidation drive after M&A spree". Given the information provided therein, we can say that among all business group affiliates therein, Adani Ports & SEZ had the highest "Times Interest Coverage" ratio : Agree/disagree

Reasons/Calculations:

16. Please refer to page 2 of main section article titled "Advani in consolidation drive after M&A spree". Given the information provided therein, we can say that Adani Power had a "Times Interest Coverage" ratio of about 1.12 : Agree/disagree

Reasons/Calculations:

17. Please refer to page 3 of main section article titled "Avanti shows a different way of teaching". Given the information provided therein, we can say that Avanti Learning Centre is seated on very large non-current assets: Agree/disagree

Reasons/Calculations:

18. Please refer to page 5 of main section article titled “Bengal budget to cut fiscal deficit to 1.96%”. One can say that the numbers provided therein are based on cash-basis: Agree/disagree

Reasons/Calculations:

19. Please refer to page 5 of main section advertisement titled “Bank of Baroda: Vehicles Auction Sale Notice”. Given the information provided in Chapter 9 and assuming Ind-AS based numbers for Bank, we can say that, Bank of Baroda in its books would not show these assets separately titled “Assets and Liabilities held for Sale”: Agree/disagree

Reasons/Calculations:

KAKKAKAM!