

		PGEXP Program – Financial Reporting & Control Course	
Quiz I Examination, Date:			
Weightage	16%	Duration	90 minutes

Name _____

Roll No. _____

INSTRUCTIONS

1. Closed book exam. Answer all questions.

2. Students cannot use laptop. Students cannot bring their mobiles inside exam room.

3. Each correct answer you get +0.5 mark.

You are not allowed to borrow papers, calculators, etc. All questions are fill in the blank questions – you are required to write the appropriate answer in the blanks provided.

Section I

Please take XY as your roll number (also known as registration number) wherein X will be your first digit of the roll number and Y will be your last digit of your roll number. We provide complete illustration below:

Case: Hazaar Maarya's Business [11% weightage]*Andher Nagari Chaupat Raja... Taka Ser Bhaja Taka Ser Khaja.*

In the tax free economy of Andher Nagari, Hazar Maarya lived a leisurely retired life. But, his superb amazingly cute sweet fabulous pretty charming fantabulous glamorous incredible awesome brainy hazaar-beautiful enchanting blazing dynamic electric damsel darling wife, Jalebi-rani forced him to start a business. The transactions for the first accounting period are listed below:

- ◆ Hazar Maarya starts business with a capital of Rs XY¹. The business entity is called Hazar Maarya Limited.
- ◆ Loans Rs XY at an interest rate of 10% per accounting period
- ◆ Using the loan amount he purchases a Gubbare-wala machine i.e., Balloons blowing machine at Rs XY
- ◆ Purchases ten balloons on credit wherein each balloon is billed at Rs 0.XY per balloon
- ◆ He also rents a small road side space from the local political leaders at a rate of Rs X+Y per accounting period. But, he clearly displays his power by stating that he will pay the amount at a later point in time (as and when his business settles well).
- ◆ Sells eight balloons at Rs 1 per balloon. Two little customers, Rakshasa Mayavi and Arrogant King Vali promise to pay in the next accounting period.
- ◆ Decides to close the account book for the first accounting period. He also makes a provision for depreciation on machinery at 20% WDV basis for each accounting period (per Andher Nagari's accounting norms).

¹ where X and Y are your last three digits of your roll number as explained earlier.

Based on the discussion above, you are required to prepare the financial statements of Hazar Maarya Limited for period I.

Hazar Maarya Limited			
<i>Balance Sheet as at the end of first accounting period</i>			
Assets	(in Rs.)	Liabilities	(in Rs.)
Current Assets		Current Liabilities	
Cash & Bank Balances		Rent payable	
Sundry Debtors		Provisions	
Loans & Advances		Interest payable	
Inventories		Sundry creditors	
		Unearned revenue	
<i>total</i>		<i>Total</i>	
Fixed Assets		Long Term Liabilities	
Net Fixed Assets		Secured Loan	
		Unsecured Loan	
<i>total</i>		<i>total</i>	
Other Non-Current Assets		Shareholders' Funds	
Investments		Capital	
		Reserves & Surplus	
<i>total</i>		<i>total</i>	
Total Assets		Total Liabilities	

Hazar Maarya Limited	
<i>Income Statement as at the end of first accounting period</i>	
Item	(in Rs.)
Sales (Operating Revenue)	
Less: Cost of Goods Sold	
Gross Profit	
Less: Sales, General & Administrative Expenses	
EBITDA	
Less: Depreciation & Amortization Expenses	
<i>Operating Profit</i>	
Add: Other Income	
PBIT	
Less: Interest Expenses	
<i>Profit Before Tax</i>	
Less: Taxes	
Profit After Tax	
Less: Dividends / Withdrawals	
<i>Balance Carried to the Balance Sheet</i>	

Hazar Maarya carries on the good work in the second period. The transactions are listed below:

- ◆ Purchases ten balloons on credit wherein each balloon is billed at Rs 0.YX per balloon
- ◆ Sells ten balloons at Rs 2 per balloon. All the customers promise to pay in the next accounting period.
- ◆ After a lot of pursuance from his wife counselors and younger brother Sugreeva, arrogant King Vali pays up the dues against his name.
- ◆ After lot of cold calls and emails, Rakshasa Mayavi promises to pay in the next accounting period. Hazar Maarya does not have the confidence and decides to make a provision.
- ◆ Nasir ud-din Muhammad Humayun (Persian: نصير الدين محمد همايون; full title: Al-Sultan al-'Azam wal Khaqan al-Mukarram, Jam-i-Sultanat-i-haqiqi wa Majazi, Sayyid al-Salatin, Abu'l Muzaffar Nasir ud-din Muhammad Humayun Padshah Ghazi, Zillu'llah), the Mughal Emperor pays Rs 91 advance to Hazar Maarya Limited for delivery of thirty seven balloons in the next accounting period (to celebrate his next birthday).
- ◆ Daku Man Singh, the most legendary dacoit with a Tendulkar-ish track record of over 1,000 armed robberies, 185 murders, and countless ransom kidnappings made few enquiries into the accounting practices of the company. Daku Man Singh was involved in 90 police encounters and had killed over 32 policemen. His enquiries made the firm run for cover – while some thought that this was a case of a potential hostile takeover threat over the company others thought that he was being sent by Anna Hazare's team in their search for help.
- ◆ Like last time, Hazar Maarya Limited closes the books for the second accounting period. He also makes all the provisions as per Andher Nagari's prudent accounting norms. He makes use of FIFO method to value the inventory.

Based on the discussion above, you are required to prepare the financial statements of Hazar Maarya Limited for period II.

Hazar Maarya Limited			
<i>Balance Sheet as at the end of second accounting period</i>			
Assets	(in Rs.)	Liabilities	(in Rs.)
Current Assets		Current Liabilities	
Cash & bank balances		Rent payable	
Sundry debtors		Provisions	
Loans & advances		Interest payable	
Inventories		Sundry creditors	
		Unearned revenue	
<i>Total</i>		<i>Total</i>	
Fixed Assets		Long Term Liabilities	
Net Fixed Assets		Secured Loan	
		Unsecured Loan	
<i>total</i>		<i>total</i>	
Other Non-Current Assets		Shareholders' Funds	
Investments		Capital	

		Reserves & Surplus	
<i>total</i>		<i>total</i>	
Total Assets		Total Liabilities	

Hazar Maarya Limited	
<i>Income Statement as at the end of second accounting period</i>	
Item	(in Rs.)
Sales (Operating Revenue)	
Less: Cost of Goods Sold	
Gross Profit	
Less: Sales, General & Administrative Expenses	
EBITDA	
Less: Depreciation & Amortization Expenses	
<i>Operating Profit</i>	
Add: Other Income	
PBIT	
Less: Interest Expenses	
<i>Profit Before Tax</i>	
Less: Taxes	
Profit After Tax	
Less: Dividends / Withdrawals	
<i>Balance Carried to the Balance Sheet</i>	

- ◆ In case, the firm followed a LIFO method of inventory valuation then the profit of the company would be _____ and the closing inventory would be _____.
- ◆ In case, the firm followed a WAC method of inventory valuation then the profit of the company would be _____ and the closing inventory would be _____.

Section II (MCQs and Fill in the Blanks) [9% weightage]

1. The assets of a _____ may also be sold to some other firm, at which time the _____ ceases to exist.
 - a) Sole Proprietorship, Sole Proprietorship
 - b) Limited Liability Partnership, Limited Liability Partnership
 - c) Partnership, Partnership
 - d) Company, Company
2. Each general partner is personally and individually liable for the _____ of the business, even if those _____ were contracted by other partners.
 - a) Security, Security
 - b) Debt, Debt
 - c) Assets owned, Assets owned
 - d) None of these
3. Directors who are also employees of the company are called _____ and those who have no other position within the company are called _____.
 - a) Insider directors, independent directors
 - b) Independent directors, Insider directors
 - c) Whole-time directors, independent directors
 - d) Part-time directors, Insider directors
4. Which of the following does not describe accounting?
 - a) Language of business.
 - b) Used by business, government, nonprofit organization, and individuals.
 - c) Is an end rather than a means to an end.
 - d) Useful for decision making.
5. The financial statements that report assets, liabilities, and stockholders' equity is the:
 - a) Statement of cash flows
 - b) Income statement
 - c) Retained earnings statement
 - d) Balance sheet
6. Fill up the blanks:
 - a) Closing stock is an example of assets.
 - b) Loan from bank is liability.
 - c) Going concern concept assumes that business will be carried on for Period.
7. The comparison of one accounting period with that in the past is possible only when the concept is followed. It is:
 - a) Cost concept.
 - b) Consistency concept.
 - c) Going concern concept.
 - d) Money concern concept.

8. Assets are depreciated on the basis of expected life rather than on the basis of market value according to:

- a) Cost concept.
- b) Consistency concept.
- c) Going concern concept.
- d) Money concern concept.

9. Dual aspect concept results in the accounting equation

- a) Capital + Liabilities = Assets
- b) Capital = Assets
- c) Revenue = Expenses
- d) Capital + Profit = Assets + Expenses

10. Cost concept requires the recording of the following in the books of account

- a) Skills and knowledge acquired by business manager.
- b) An asset at its cost
- c) Quality control in the firm
- d) None of these

11. Prepare the balance sheet according to the following assets and liabilities and answer the questions

	Rs		Rs
Stock	1,50,000	Machinery	2,00,000
Cash at bank	25,000	Debtors	75,000
Cash in hand	2,500	Fixtures and fittings	40,000
Trade creditors	1,22,500	Motor vehicles	80,000

- a) The balance sheet total is Rs _____
- b) The total capital is Rs _____
- c) Current liabilities are Rs _____
- d) Fixed asset are Rs _____
- e) Current asset are Rs _____
- f) Net working capital _____