

JAIPURIA INSTITUTE OF MANAGEMENT, NOIDA
PGDM / PGDM (M) / PGDM (SM)
I TRIMESTER (Batch 2018-20)
MID TERM EXAMINATIONS, August 2018

Course Name	Accounting Fundamentals	Course Code	FIN 101
Max. Time	1 hour	Max. Marks	20

INSTRUCTIONS: Attempt all Questions.

Q1.

Merchandize Ltd. ,Jan 31,2003		
	Debit	Credit
Depreciation		2000
Opening inventory	50000	
Sales		115060
Sales returns	5000	
Sales discounts	6000	
Purchases	30000	
Purchases returns		4500
Purchase discounts		3000
Freight in	4000	
Office salaries expenses	5500	
Sales salaries expenses	6500	
Advertisement expenses	2500	
Telephone expense	760	

Closing Stock is Rs 40000. Calculate COGS and Operating Profit from the given trial balance. (4 Marks)

Q2. A machine was purchased for Rs 120 crore which had a residual value of Rs 15 crore and a life of six years. Calculate the depreciation rate to be used in WDV method of depreciation. WDV method of depreciation is more relevant for which type of companies? (2 Marks)

Q3. From the following Trial Balance of XYZ Ltd., prepare Profit & Loss a/c and Balance Sheet as per schedule II of Companies Act 2013. (7 marks)

Trial Balance as on 31st March 2018

Accounts	Debit (Rs.)	Credit(Rs.)
Equity Share Capital		90,00,000
Other Equity		2,00,00,000
Non-Current Liabilities: Borrowings		50,00,000
Other Non-Current Liabilities		1,00,000
Short-Term Borrowings		5,00,000

Trade Payables		15,00,000
Property, Plant & Equipment	2,00,00,000	
Capital Work-In-Progress	40,00,000	
Intangible Assets	5,00,000	
Long-Term Financial Assets	90,00,000	
Opening Inventories	20,00,000	
Trade Receivables	35,00,000	
Cash & Cash Equivalents	1,00,000	
Short-Term Investments	20,00,000	
Sales		2,20,00,000
Cost of Material Consumed	1,00,00,000	
Employee Benefit Expense	10,00,000	
Finance Cost	5,00,000	
Depreciation & Amortization	10,00,000	
Other Expenses	45,00,000	
Total	5,81,00,000	5,81,00,000

Additional information:

1. Closing inventories Rs 30,00,000
2. Provide for depreciation on property, plant & equipment Rs 20,00,000.
3. Make provision for tax @ 30 percent of profit before tax.

Q4. "I, therefore, propose to reduce the rate of Corporate Tax from 30% to 25% over the next 4 years," said Finance Minister Arun Jaitley while presenting the first full Budget of the present NDA government on February 28, 2015. Some companies will benefit more than others. Some of the biggest winners will be companies with large deferred tax liabilities (DTLs).

Source: www.financialexpress.com/budget/will-arun-jaitley-keep-his-promise-of-corporate-tax-rate-cut-in-2018-budget/982770/

Justify the last line using the concept of differed tax liability. (3 Marks)

Q5. Balances for XYZ Ltd. on 31st December 2017: Machinery Rs. 20,000; Stock Rs. 20,000; Cash Rs. 30,000; Capital Rs. 40,000; Other liabilities Rs. 30,000

Show the impact of following transactions on the accounting equation and identify the main accounting principle/concept underlying the accounting treatment of each of these transactions. (4 Marks)

1. Rs. 2,000. of salaries earned by employees in December 2017 will be paid in January 2018.
2. Charged depreciation on machinery Rs. 10,000
3. Sold good worth Rs. 10,000 for Rs. 12,000 on credit. Only Rs. 11,000 is sure to be realized.