

BITS Pilani, K.K. Birla Goa Campus
Mid-term Examination First Semester 2022-23

Subject: ECON F212
Date: 31st October 2022

Marks: 30 Marks
Time: 2:00 – 3:30 PM

All Questions are compulsory.

1) Journalize the following transactions (Note: All transactions above Rs 10,000 are via BANK unless specified otherwise)Total.....**12 marks**

Date	Transaction	Marks
01/Oct/2020	Mr. Gurbaaz Gill and his friend Mr. Aryan Kuhad started a 50:50 venture and formed "Gill & Kuhad Containers Pvt Ltd." Both invested Rs 20 crores each and appointed themselves as joint MDs. The company manufactures shipping containers of 20 and 40 feet.	1
01/Oct/2020	The company purchased a factory setup (comprising Plant, equipment, and land) for Rs 20 crores (via cheque no 141) from Mr. Aryan Kuhad (the joint MD in the company). Mr. Kuhad had inherited the property from his family. Land accounted for 25% of the deal value.	1
12/Oct/2020	Gill & Kuhad Pvt Ltd obtained a loan of Rs 2 crores from "IDFC First Bank," for which it had to mortgage its workshop. Usually, the interest rate for such loans is 16% p.a, but the rate for the company was set at 8% p.a. as it was eligible for a government scheme aimed at young entrepreneurs. They also got a one-year moratorium.	1
01/Nov/2020	The company purchased 10 Ashok Leyland Model No. 4825 lorries at Rs 50 lakhs each from Subrai Motors. (It was an NEFT transfer. Ignore tax and insurance)	1
01/Nov/2020	Mr. Kuhad takes all 10 trucks to "Srivastava Motors" to fit them with onboard sleep and alcohol detection system. The system will help the company keep track of its drivers and ensure the safe transportation of finished goods. Mr. Tejas Srivastava presents him a bill of Rs 100,000 for each truck which Mr. Kuhad promises to settle later.	1
02/Nov/2020	Mr. Gill placed an order for 2 tons of steel sheets from "Lalai Steel & Co." The company makes a full payment of Rs 5 crores lakhs (Cheque no 142) to Mr. Harsh Lalai as he refuses to engage with new entrepreneurs without upfront payment. The company received steel on 15th November.	1
15/Nov/2020	The company procures plywood worth Rs 2 cores from "Agrawal	1

	Plywood.” The company paid in full (check no 143). The company uses steel sheets and plywood to manufacture containers.	
28/Nov/2020	Gill & Kuhad Pvt Ltd made its first sale, a total of 50 containers, to “Jain Logistics & Co.” for Rs 2 lakhs each. The total amount was received via cheque no 123.	1
15/Dec/2020	Mr. Sarthak Jain, the Procurement Manager of Jain Logistics & Co, was impressed by the build quality of the containers and placed an order for 100 containers to be delivered in the next financial year. He pays a token amount of Rs 1 crore (cheque no 119).	1
31-03-2021	Mr. Ayush Das, the company’s statutory auditor, audited the company’s financial statements on 31 st March, 2021. Mr. Kuhad informed him that the company follows a straight-line depreciation method for the factory setup, whose estimated useful life is 20 years. All the other company assets are depreciated using SLM, but the estimated life is ten years. All the assets have no salvage value. Pass the depreciation journal entries on all assets	3

2) Prepare a trial balance of Bharat Vikas Pvt Ltd from the following information as on 31-3-2021

10 Marks

Land & Building	21,700	Sales	1,92,000
Cash at Bank	2,470	Debtors	43,800
Share Capital	35,990	Reserve for Bad & Doubtful debts	800
Creditors	12,450	Sales returns	1,250
Advertising	3,500	Purchase Returns	970
Purchases	1,32,700	Discounts given	2,640
Discounts Received	900	Plant & Machinery	14,600
Insurance	1,250	Accumulated dep on P & M.	2,000
Opening Stock	40,200	Accumulated Dep on Building	1,000
Loan from Bank	20,000	Bad Debts written off	2,000

3) On 31st March 2021, the Bank balance, as per Ledger Maintained by the business Of Sundaram Finance Ltd, showed a favorable Balance of Rs.1,20,000.....**Marks 6**

On comparing the same with the passbook, it is observed that the following differences have been noticed.

1. A cheque for Rs.250/- sent to Krishnakant was not encashed by him before 31st March 2021. The bank debited the cheque on 4th April 2021.
2. Cheque received for Rs.25,000/- deposited into the bank by the business unit on 31st March 2021 has not yet been credited in the passbook. However, the same was credited on 4th April 2021.

3. Bank charges of Rs.2,000/- debited by the bank have not been accounted so far.
4. Bank has given a wrong credit in the passbook to the extent of Rs.2,500.
5. Interest credited by the bank is Rs. 850/- on 31st March 2021, not accounted for by us.
6. Direct credit into the bank passbook towards Dividends received Rs.1,000/- not accounted by us.

Prepare a bank reconciliation statement and determine the bank balance as per Pass Book.

4) ABC Mills uses the Weighted average method maintaining stock ledger.

.....2 Marks

April 2022	Particulars	Details
1	Opening inventory	800 units @ Rs 5.20
8	Purchase	900 units @ Rs 6.80
15	Issue of goods	1,200 units
25	Purchase	450 units @ Rs 5.50
30	Issue of goods	200 units

Prepare a store ledger for the month, showing units and amount of inventory received and issued, and calculate the closing inventory value.