

Birla Institute of Technology & Science, Pilani (Rajasthan) 333031
Financial and Management Accounting (MBA G515)
Mid Semester Examination (1st Semester 2017 – 18)
Faculty Incharge: Dr. Saurabh Chadha

Date: 09th October 2017

Time Allotted: 90 Minutes
(All Questions are compulsory)

MM: 40 Marks

Name:

ID No:

Q1. Journalize the following transactions for the month of January 2017:

(10 Marks)

- 1 Jan: Started business with Cash Rs 40,000.
- 2 Jan: Paid into the Bank Rs 2,000.
- 3 Jan: Purchased goods from Amrit Rs 10,000.
- 4 Jan: Sold goods to Arvind Rs 4,000.
- 5 Jan: Returned goods to Amrit Rs 5,000.
- 6 Jan: Received from Arvind Rs 3,960 in full settlement.
- 7 Jan: Withdrew goods for personal use Rs 1,000.
- 8 Jan: Paid to Amrit in full settlement Rs 4,900 by cheque.
- 9 Jan: Income tax liability of owner Rs 500 paid in cash.
- 10 Jan: Goods distributed by way of free samples Rs 1,000.

Q2. Prepare a three-columnar cash book with the help of following information:

(5 Marks)

- Jan. 01 Opening Balance: Cash Rs 3,000 and Bank Rs 4,000.
- Jan. 04 Rent paid by cheque Rs 2,000.
- Jan. 06 Cash sales Rs 3,000.
- Jan. 08 Paid to Mehta Bros. by cheque Rs 2,000 and earned Rs 200 as cash discount.
- Jan. 10 Received from Suresh by cheque Rs 2,000 and allowed him Rs 100 as cash discount.
- Jan. 12 Cash sales Rs 20,000.
- Jan. 20 Cash purchases Rs 15,000.
- Jan. 31 Salaries paid Rs 5,000.

Q3. At the end of the year 2016, Radhi & Co. has observed that their debtors are Rs. 5,00,000.

(5 Marks)

Out of those debtors, Rs. 5,000 are not traceable and to be treated as bad debts. By practice, over the years, it has been noticed that the business loses money on the expected realizations from the good debtors too. The business adopts a consistent policy of making a provision of 5% on the expected good debtors. Provision for bad and doubtful debts stand at Rs. 14,500 at the end of Dec, 2015. Show the position in the financial statements.

Q4. From the following Trail Balance, prepare final accounts for the year 31st December 2016: (20 Marks)

Particulars	Debit (Rs)	Credit (Rs)
Furniture and Fittings	640	
Motor Vehicles	6,250	
Buildings	7,500	
Capital Account		12,500
Bad Debts	125	
Provision for Bad Debts		200
Debtors and Creditors	3,800	2,500
Stock as on Jan 1, 2016	3,460	
Purchases and Sales	5,475	15,450
Bank Overdraft		2,850
Sales and Purchase Returns	200	125
Advertising	450	
Interest (on Bank overdraft)	118	
Commission		375
Cash	650	
Taxes and Insurance	1,250	
General Expenses	782	
Salaries	3,300	
Total	34,000	34,000

The following adjustments are to be made:

- i. Stock in hand on 31st December 2016 was Rs 3,250.
- ii. Depreciate Buildings @ 5%, Furniture & Fittings @ 10% and Motor Vehicles @ 20%.
- iii. Rs 85 is due for interest on bank overdraft.
- iv. Salaries Rs 300 and Taxes Rs 120 are outstanding.
- v. Insurance amounting to Rs 100 is prepaid.
- vi. One-third of the commission received is in respect of work to be done next year.
- vii. Write off a further sum of Rs 100 as bad debts and provision for bad debts to be made equal to 10 percent on debtors.
