

Name:
Enrolment No:



UNIVERSITY OF PETROLEUM AND ENERGY STUDIES

End semester Examination, Dec., 2024

Course: Financial Accounting
Program: INT-BCOMH-MBA
Course code: FINC 1003
Instructions: Attempt all Questions

Semester: I
Time: 3 Hours
Max. Marks: 100

Q1 SECTION A (Objective) (10 * 2 Marks Each) – 20 Marks)

A	The basic concepts related to P&L Account are a. Realization concept b. Matching concept c. Cost concept d. Both (a) and (b) above	CO1	2
B	As per the double entry concept a. Assets + Liabilities = Capital b. Capital = Assets – Liabilities c. Capital – Liabilities = Assets d. Capital + Assets = Liabilities	CO1	2
C	Only the significant events which affect the business must be recorded as per the principle of a. Separate entity b. Accrual c. Materiality d. Going concern	CO1	2
D	If the profit is 25% of the cost price then it is: a. 20% of the selling price b. 25% of the selling price c. 33% of the selling price d. 30% of the selling price	CO1	2
E	To test the liquidity of a concern which of the following ratio is useful? a. Acid test ratio b. Debt equity ratio c. current ratio d. Debtors turnover ratio	CO1	2
F	Which of the following is not a fixed asset? a. Building. b. Bank balance. c. Plant. d. Patents	CO1	2
G	Which of the following is/are not a revenue reserve? a. General reserve. b. Investment allowance reserve. c. Revaluation reserve. d. Capital reserve.	CO1	2

H	Gross profit is the difference between a. Net sales and cost of goods sold b. PAT and dividends c. Net sales and cost of production d. Net sales and direct costs of production	CO1	2
I	Recording of capital contributed by the owner as liability ensures the adherence of principle of a. Double entry b. Going concern c. Separate entity d. Materiality	CO1	2
J	The basic concepts related to balance sheet are a. Cost concept b. Business entity concept c. Accounting period concept d. Both (a) and (b) above	CO1	2
SECTION B (4* 5 Marks Each -20 Marks)			
Q2	Explain the Following accounting Concepts with example: a. Revenue Realization Concept b. Dual Aspect Concept	CO2	5
Q3	Why are the different types of errors that may be committed by an accountant even if trial balance agrees.	CO2	5
Q4	Compute the Gross Profit Ratio from the following particulars <div style="display: flex; justify-content: space-between;"> <div>Opening Stock</div> <div>Rs. 50,000</div> </div> <div style="display: flex; justify-content: space-between;"> <div>Purchases</div> <div>Rs. 1,60,000</div> </div> <div style="display: flex; justify-content: space-between;"> <div>Closing Stock</div> <div>Rs. 70,000</div> </div> <div style="display: flex; justify-content: space-between;"> <div>Purchases Return</div> <div>Rs. 4,000</div> </div> <div style="display: flex; justify-content: space-between;"> <div>Sales</div> <div>Rs. 2,10,000</div> </div> <div style="display: flex; justify-content: space-between;"> <div>Sales Return</div> <div>Rs. 10,000</div> </div>	CO2	5
Q5	What do you mean by adjusting entries? Why is it necessary to pass adjusting entries the time of preparing final accounts?	CO2	5
SECTION-C (3* 10 Marks Each- 30 Marks)			
Q6	From the following Ratios, prepare the Balance Sheet of the firm: <div style="display: flex; justify-content: space-between;"> <div>Inventory Turnover Ratio</div> <div>6 Times</div> </div> <div style="display: flex; justify-content: space-between;"> <div>Capital Turnover Ratio (Cost of Sales/ Capital)</div> <div>2 Times</div> </div> <div style="display: flex; justify-content: space-between;"> <div>Fixed Assets Turnover Ratio (Cost of Sales/Fixed Assets)</div> <div>4 Times</div> </div> <div style="display: flex; justify-content: space-between;"> <div>Gross Profit Ratio</div> <div>20%</div> </div> <div style="display: flex; justify-content: space-between;"> <div>Debtor Collection Period</div> <div>2 months</div> </div> <div style="display: flex; justify-content: space-between;"> <div>Creditor/Average Payment Period</div> <div>73 Days</div> </div> The gross profit is Rs. 60,000. Closing Stock is Rs. 5000 in excess of opening stock	CO3	10
Q7	LTC company purchases on 1 st June 2016, a second hand machinery for Rs. 2,00,000 and immediately spends Rs. 70,000 on its overhauling (Scrap Value 50000, Life 5 years). On 31 st	CO3	10

August in the same year additional machinery costing Rs. 7,00,000 (Scrap Value 1,00,000, Life 10 years) is purchased. On 1st July 2017, the plant acquired on 1st June 2016 (1/4 the of the same) become obsolete is sold off for Rs. 20,000. On the same date fresh machinery is purchased at a cost of Rs. 4,00,000 (Scrap Value 60,000 Life 5 years)

Company follows Straight Line Method

Show the Machinery Account from April 2016 to March 2019

Q8 Raj commenced business as on January 01, 2023. Given below are his transactions for the month of Jan. 2023. **Journalize them.**
 Jan. 1 Business commenced with a capital of Rs. 20,000
 Jan. 2 Bank account opened by depositing cash Rs. 10,000
 Jan. 3 Goods purchased from R on credit Rs. 5,000
 Jan. 5 Goods sold to RP on credit Rs. 4,000
 Jan. 7 Goods purchased from RM on credit Rs. 6,000
 Jan. 8 Wages paid to employees Rs. 200
 Jan. 9 Goods sold to M on credit Rs. 5,000
 Jan.10 Debt paid for the months of January to March 2001 Rs. 3,000
 Jan.10 Cheque received from RP Rs. 4,000
 Jan.12 Paid for office expenses Rs. 1,000
 Jan.12 Sold Goods to Jagdish on cash Rs. 2,000
 Jan.13 Cheque issued in favor of RM Rs. 6,000

CO3 10

SECTION-D Attempt any Two

(2* 15 Marks Each- 30 Marks)

Q9 How company prepare Cash Flow Statement using AS 3 or IND AS 7

CO4 15

Q10 From the following adjustments and with the help of Trial Balance prepare a trading , Profit & Loss and Balance Sheet as on 31st March 2020:

Dr. Balances	Amount (Rs.)	Cr. Balances	Amount (Rs.)
Building	30,000	Share Capital	25,000
Furniture	2640	Return Outward	1600
Vehicle	4,000	Sales	56,040
Return Inward	2300	Bad Debts Provision	700
Stock on April 1, 2019	8,000	Bank Loan	5,000
Purchases	33,800	Commission	900
Bad Debts	300	Creditors	8,000
Carriage inward	700		
General Expenses	1200		
Interest on Bank Loan	300		
Insurance and Taxes	2,000		
Vehicles Expenses	2600		
Salaries	4,400		
Cash in Hand	2000		
Debtors	3,000		

CO3 CO4 15

97,240

97,240

Adjustments:

1. Stock on 31st March 2020 was valued at Rs. 4340
2. Commission include Rs. 300 being commission received in advance
3. Salaries have been paid for 11 months
4. Bank Loan have been taken at 10% p.a. interest
5. Depreciate building by 5% and Vehicle by 15%
6. Vehicle is used for business as well as private purposes equally
7. Write off Rs. 200 as further bad debts and maintain bad debts provision at 5 % on debtors.

You are required to prepare the Financial Statements for the year ending 31st March 2020 taking in to account the above mentioned adjustments

Q11

From the following particulars, prepare Balance sheet as on 31-03-2023

1. Current ratio 2:1
2. working capital Rs.400000
3. capital block to current assets 3:2
4. fixed assets to turnover 1:3
5. sales cash/ credit 1:2
6. gross profit ratio 25% on sales
7. stock velocity 2 months
8. debtors velocity 2 months
9. creditors velocity 2 months
10. debenture/ share capital 1:2

11. CAPITAL BLOCK:

Net profit 10% of turnover

Reserves 2.5% of turnover

Note:-Working notes should form part of your Answer

C04

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