

Name:
Enrolment No:



UNIVERSITY OF PETROLEUM AND ENERGY STUDIES
End Semester Examination, December-Jan 2021

Program: BBA Core

Semester : 1

Subject/Course: Business Accounting

Max. Marks: 100

Course Code: FINC 1001

Duration : 3 Hours

Instructions: All questions are compulsory.

S. No.	Section A. Each question is of 2 marks. (2 x 10)	Marks	CO
Q1.	When the goods are sold on credit, which account is to be debited: a. Supplier account. b. Customer account. c. Sales account. d. Creditors account.	2	1
Q2.	If the amount of salaries given in trial balance is Rs.15,000 and in adjustments outstanding salaries are given Rs.5,000, then the amount shown in profit and loss account would be Rs.: a. 10,000 b.15,000 c. 5,000 d. 20,000	2	3
Q3.	The amount of depreciation remains same every year in case of: a. Straight line method b. Diminishing balance method c. Both a and b d. None of these	2	1
Q4.	Cost of goods sold is Rs.40,000. The profit is 20% of sales. The profit is Rs. a. 8,000 c. 12,000 b. 10,000 d. None of these	2	2
Q5.	The main objective of preparing profit and loss account is to calculate: a. Net profit b. Gross profit c. Both a and b d. None of these	2	1
Q6.	The term current assets does not include a. Payment in advance b. Bills Receivable c. Goodwill d. Cash.	2	1
Q7.	Balance sheet discloses- a. Cash position of the business b. Financial position of the business c. Income position of the business d. Profit-earning capacity of the business	2	1
Q8.	Return on Investments ratio measures of a business a. Profitability b. Liquidity c. Solvency d. Activity	2	1
Q9.	Plant and machinery account is a — a. Personal account b. Tangible real account c. Intangible real account d. Nominal account.	2	1
Q10.	Creditor account is a a. Personal account b. Tangible real account c. Intangible real account d. Nominal account.	2	1
	Section B		
	Attempt any four questions Each question is of 5 marks. (5 x 4)		
Q1.	Elaborate the Significance of preparing Financial Statement	5	2

Q2.	The debtors turnover ratio is 4 times and total sales is Rs.6,00,000. Cash sales is half of credit sales. The opening debtors are Rs.20,000 more than closing debtors. Calculate opening and closing debtors.	5	3																																																
Q3.	Identify which of the following transactions are operating activities, financing activities and investing activities. (a) Interest paid on loans. (b) Cash received from debtors. (c) Machinery purchased. (d) Income tax paid. (e) Purchased goods for cash.	5	1																																																
Q4.	Explain any three Accounting Conventions with example.	5	2																																																
Q5	Distinguish between straight line and diminishing balance method of depreciation	5	2																																																
Section C																																																			
Each question is of 10 marks. (10 x 3)																																																			
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Q1.	'Trial Balance is not a conclusive proof of the accuracy of the books of accounts.' Explain this statement and explain the errors which are not disclosed in spite of the agreement of the trial balance.	10	2																																																
Q2.	Journalize the following transactions: May 1 Commenced business with cash Rs. 20,000 May 2 Purchased goods from Ram Rs.5,000 May 4 Cash sales Rs.350 May 5 Paid to Ram Rs.600 May 8 Bought Furniture Rs.700	10	3																																																
Q3.	Discuss various ratios which are helpful to an investor in carrying out financial analysis.	10	1																																																
Q4	Prepare final accounts from the following.	10	3																																																
<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 30%;">Debit Balances</th> <th style="width: 15%;">Amount (in Rs.)</th> <th style="width: 30%;">Credit Balances</th> <th style="width: 25%;">Amount (in Rs.)</th> </tr> </thead> <tbody> <tr> <td>Drawings</td> <td style="text-align: right;">1,700</td> <td>Capital</td> <td style="text-align: right;">20,000</td> </tr> <tr> <td>Plant and Machinery</td> <td style="text-align: right;">17,000</td> <td>Creditors</td> <td style="text-align: right;">2,210</td> </tr> <tr> <td>Horses and Carts</td> <td style="text-align: right;">2,600</td> <td>Sales</td> <td style="text-align: right;">9,200</td> </tr> <tr> <td>Debtors</td> <td style="text-align: right;">3,600</td> <td>Bills Payable</td> <td style="text-align: right;">8,530</td> </tr> <tr> <td>Purchases</td> <td style="text-align: right;">2,000</td> <td></td> <td></td> </tr> <tr> <td>Wages</td> <td style="text-align: right;">800</td> <td></td> <td></td> </tr> <tr> <td>Cash at Bank</td> <td style="text-align: right;">2,600</td> <td></td> <td></td> </tr> <tr> <td>Salaries</td> <td style="text-align: right;">800</td> <td></td> <td></td> </tr> <tr> <td>Repairs</td> <td style="text-align: right;">190</td> <td></td> <td></td> </tr> <tr> <td>Stock</td> <td style="text-align: right;">6,700</td> <td></td> <td></td> </tr> <tr> <td>Rent</td> <td style="text-align: right;">450</td> <td></td> <td></td> </tr> </tbody> </table>				Debit Balances	Amount (in Rs.)	Credit Balances	Amount (in Rs.)	Drawings	1,700	Capital	20,000	Plant and Machinery	17,000	Creditors	2,210	Horses and Carts	2,600	Sales	9,200	Debtors	3,600	Bills Payable	8,530	Purchases	2,000			Wages	800			Cash at Bank	2,600			Salaries	800			Repairs	190			Stock	6,700			Rent	450		
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Manufacturing Expenses	150		
Bad debts	500		
Carriage	850		
	39,940		39,940

The following adjustments are made:

1. Closing stock Rs.1,900
2. Depreciate plant and machinery 10%, horses and carts 15%.
3. Allow interest on capital at 5% per annum.
4. Rs.950 is due for wages.
5. Paid rent Rs.50 in advance

Section D

Each question is of 15 marks. (15 x 2)

Q1. From the following Balance Sheets of Axis Ltd prepare Cash Flow statement for the year ended 31st March 2018.

Liabilities	31.3.2017	31.3.2018	Assets	31.3.2017	31.3.2018
Share Capital	3,00,000	4,00,000	Goodwill	1,00,000	90,000
Creditors	90,000	70,000	Machinery	2,98,000	4,30,000
Debentures	1,50,000	1,00,000	Investment	1,00,000	60,000
Provision for Taxation	80,000	80,000	Stock	50,000	80,000
Profit & Loss A/c	1,10,000	1,50,000	Debtors	1,60,000	1,10,000
			Cash at Bank	10,000	20,000
			Preliminary expenses	12,000	10,000
	7,30,000	8,00,000		7,30,000	8,00,000

Additional Information:

- a) Investment were sold at a profit of Rs.10,000.
- b) Debentures were redeemed at premium of 10%
- c) Rs.75,000 were paid as Income tax.
- d) Depreciation for the current year Rs.70,000

15

4

Q2. The following is the Trading account, Profit and loss account and Balance Sheet of ABC Ltd for the year ending 31st March 2018.

Dr		Cr	
Particulars	Amount (in Rs.)	Particulars	Amount (in Rs.)
To Opening stock	10,000	By Sales	
To Purchase 80,000		80,000	70,000
Less: Returns <u>5,000</u>	75,000	Less: Returns <u>10,000</u>	10,000
To Wages	10,000	By Closing stock	15,000
		By Gross loss	
	95,000		95,000

15

3

Dr		Profit and loss A/c		Cr	
Particulars	Amount (in Rs.)	Particulars	Amount (in Rs.)		
To Gross loss	10,000	By Net loss	33,000		
To Salaries	15,000				
To Electricity expenses	8,000				
	33,000		33,000		

Balance Sheet

Liabilities	Amount (in Rs.)	Assets	Amount (in Rs.)
Capital 1,00,000		Plant and machinery	25,000
Less: Net loss 33,000	67,000	Furniture	30,000
Creditors	20,000	Debtors	30,000
Bank overdraft	10,000	Closing stock	10,000
Outstanding expenses	3,000	Cash at bank	5,000
	1,00,000		1,00,000

Calculate the following ratios

- Current ratio
- Quick ratio/Liquid ratio/ Acid-test ratio
- Debtors Turnover ratio
- Creditors turnover ratio
- Electricity expenses to sales ratio
- Fixed assets turnover ratio.

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