

## UNIVERSITY WITH A PURPOSE

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

Course: BUSINESS ACCOUNTING
Program: BBA LLB
Course code: FINC1001
Semester: 3<sup>RD</sup>
Time: 03 Hours
Max. Marks: 100

**Instructions: Attempt all questions** 

	SECTION A Multiple choice questions	20 Marks)	
		Marks	CO
Q.1.	1 States that "anticipate no profits but provide for all possible losses". a. The Realization concept b. Concept of prudence c. Both a & b d. The Accrual concept 2. The suffix "c/d" denotes a. Carried down b. Count down c. Credit or debit d. None of the above 3 is not a part of books of account. a. Trial balance b. P & L A/c c. Trading A/c d. Balance sheet 4. Trading account shows a. Gross profit b. Net profit c. Notional profit d. Both a & b 5. shows the position of Assets and Liabilities of a business entity as on a particular date. a. P & L A/c b. P & L appropriation A/c c. Balance sheet d. Suspense Account	2 X 5 = 10	CO1
	· ·	Marks)	
Q.2.	Identify the users of financial ratios.	5	CO2
Q.3.	Current ratio = 4.5, quick ratio = 3, inventory = Rs 36,000. Calculate current asseand current liabilities.	ets 5	CO2
Q.4.	The debt equity ratio is 0.5. Will purchase of goods on credit change the ratio?	5	CO3
Q.5.	Distinguish between provision and reserves.	5	CO3

				SECTION-	C	( 20 Marks)		
Q.6.	What, if at all, is wrong with the following accounting practices?  i. A business records an expense for the electricity charges for the owner's home.  ii. A business buys a car at an auction for Rs 40,000 and records it at that amount.  One week later, the price of the car is Rs 50,000 and the business records the car at the new market value.						10	CO3
Q.7.	"Debits = Credits". Explain							
	OR							
	As manager, following transactions were encountered while preparing books. Analyze them and pass necessary entries for the same: Wages paid for erection of machinery Rs 8,000 Income tax liability of proprietor Rs 1,700 was paid out of petty cash.					10	CO3	
			SF	ECTION-D		(50 Marks)		
	A) From the following information, find out:  1. Current Assets 2. Current Liabilities 3. Liquid Assets 4. Share Capital 5. Fixed Assets Information: Current Ratio 2.5 Proprietary Ratio (fixed assets/proprietary funds) 0.75 Proprietary Ratio (fixed assets/proprietary funds) 0.75 Bank O/D Rs 10,000 Working Capital Rs 60,000 Reserves Rs 40,000 There is no long term loan or fictitious asset.  B) The following accounts appear in the Adjusted trial balance columns of a worksheet. Tick the cell in the Statement of Profit & Loss or Balance Sheet column in which the amount of each account should appear.							
	B) The following Tick the cell in the	term loan of accounts apper Statement	or fictitious a pear in the Ao of Profit & Lo	djusted tria	l balance col	Reserves Rs 40,000 umns of a worksheet.		
	B) The following Tick the cell in the of each account sh	accounts ap e Statement a rould appear	or fictitious a pear in the Ao of Profit & Lo	djusted tria	l balance col	Reserves Rs 40,000 umns of a worksheet.	15 + 10	COA
	B) The following Tick the cell in the	accounts ap e Statement a rould appear	or fictitious appear in the Acof Profit & Lo	djusted tria	l balance col nce Sheet co	Reserves Rs 40,000 umns of a worksheet.		CO4
	B) The following Tick the cell in the of each account sh	accounts appearance Statement and appearance P/I	pear in the Acof Profit & Lo	djusted tria	l balance col nce Sheet co	Reserves Rs 40,000 umns of a worksheet.	15 + 10	CO4
	B) The following Tick the cell in the of each account sh  ACCOUNT  Electricity expense	accounts appearance Statement and appearance P/I	pear in the Acof Profit & Lo	djusted tria	l balance col nce Sheet co	Reserves Rs 40,000 umns of a worksheet.	15 + 10	CO4
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	There is no long  B) The following Tick the cell in the of each account sh  ACCOUNT  Electricity expense Cash Prepaid rent	accounts appearance Statement and appearance P/I	pear in the Acof Profit & Lo	djusted tria	l balance col nce Sheet co	Reserves Rs 40,000 umns of a worksheet.	15 + 10	CO4
	B) The following Tick the cell in the of each account sh  ACCOUNT  Electricity expense Cash Prepaid rent Dividends	accounts appearance Statement and appearance P/I	pear in the Acof Profit & Lo	djusted tria	l balance col nce Sheet co	Reserves Rs 40,000 umns of a worksheet.	15 + 10	CO4
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0.9	B) The following Tick the cell in the of each account sh  ACCOUNT  Electricity expense Cash Prepaid rent Dividends Interest income Share capital Prepaid advertisement Office supplies expense Buildings Depreciation	accounts appear Statement ould appear DEBIT	pear in the Acof Profit & Lo	djusted tria	l balance col nce Sheet co	Reserves Rs 40,000 umns of a worksheet.	15 + 10 =25	CO4
Q.9.	B) The following Tick the cell in the of each account sh  ACCOUNT  Electricity expense Cash Prepaid rent Dividends Interest income Share capital Prepaid advertisement Office supplies expense Buildings	accounts appear Statement ould appear DEBIT	pear in the Acof Profit & Lo	djusted tria	l balance col nce Sheet co	Reserves Rs 40,000 umns of a worksheet.	15 + 10	CO4

Net Purchases	Rs 6,00,000
Direct expenses	Rs 60,000
Administration expenses	Rs 45,000
S&D expenses	Rs 65,000
Loss due to fire	Rs 20,000
Closing Stock	Rs 70,000

B) You have been hired as an analyst for Axis Bank and your team is working on an independent assessment of DDF Corp. The firm specializes in the production of freshly imported farm products from Uttrakhand. Your assistant has provided you with the following data for the company and their industry.

				1999-
Ratio	1999	1998	1997	Industry Average
Long-term debt	0.45	0.40	0.35	0.35
Inventory Turnover	62.65	42.42	32.25	53.25
Depreciation/Total Assets	0.25	0.014	0.018	0.015
Days' sales in receivables	113	98	94	130.25
Debt to Equity	0.75	0.85	0.90	0.88
Profit Margin	0.082	0.07	0.06	0.075
Total Asset Turnover	0.54	0.65	0.70	0.40
Quick Ratio	1.028	1.03	1.029	1.031
Current Ratio	1.33	1.21	1.15	1.25
Times Interest Earned	0.9	4.375	4.45	4.65
Equity Multiplier	1.75	1.85	1.90	1.88

What can you say about the firm's asset management? Be as complete as possible given the above information, but do not use any irrelevant information.