## Name:

Enrolment No:

## UNIVERSITY OF PETROLEUM AND ENERGY STUDIES <br> End Semester Examination, December 2023

Course: Business Accounting Program: BBA EPRCC
Course code: FINC 1001

Semester: $1^{\text {st }}$ Semester
Time: 03 Hours
Max. Marks: 100

Instructions: Attempt all questions.

## SECTION A 10 Qx2M=20Marks

| Q1 | Double entry system of accounting means-- <br> (a) Entry in two sets of books <br> (b) Entry at two books <br> (c) Entry for two aspects of the transactions <br> (d) Entry by two persons | $\begin{array}{\|l\|} \hline 2 \\ \text { marks } \end{array}$ | CO1 |
| :---: | :---: | :---: | :---: |
| Q2 | The term current assets does not include: <br> (a) Payment in advance <br> (b) Bills Receivable <br> (c) Goodwill <br> (d) Cash | $\begin{array}{\|l\|} \hline 2 \\ \text { marks } \end{array}$ | CO1 |
| Q3 | What is the primary purpose of a trial balance? <br> (a) To calculate net income <br> (b) To ensure that debits equal credits <br> (c) To prepare financial statements <br> (d) To record adjusting entries | $\begin{array}{\|l\|} \hline 2 \\ \text { marks } \end{array}$ | CO1 |
| Q4 | In the straight-line depreciation method, how is annual depreciation calculated? <br> a) (Cost of the asset - Salvage value) / Useful life <br> b) Cost of the asset / Useful life <br> c) (Cost of the asset / Useful life) + Salvage value <br> d) (Useful life / Cost of the asset) $*$ Salvage value | $\begin{array}{\|l\|} \hline 2 \\ \text { marks } \end{array}$ | CO1 |
| Q5 | Tangible Assets do not include: <br> (a) Goodwill <br> (b) Furniture <br> (b) Stock <br> (c) Cash | $\begin{array}{\|l\|} \hline 2 \\ \text { marks } \end{array}$ | CO1 |
| Q6 | What is the accounting equation? <br> (a) Assets $=$ Liabilities + Equity <br> (b) Revenue = Expenses <br> (c) Assets - Liabilities = Equity <br> (d) Assets $=$ Expenses - Liabilities | $\begin{array}{\|l\|} \hline 2 \\ \text { marks } \end{array}$ | CO1 |
| Q7 | What is the primary purpose of a balance sheet? <br> a) To show the revenue and expenses of a business <br> b) To report the financial position of a business at a specific point in time <br> c) To summarize the cash flows of a business <br> d) To calculate the return on investment for shareholders | $\begin{array}{\|l\|} \hline 2 \\ \text { marks } \end{array}$ | CO1 |
| Q8 | How is the quick ratio calculated? <br> (a) (Current assets - Inventory) / Current liabilities <br> (b) Current assets / Current liabilities <br> (c) (Current assets + Inventory) / Current liabilities <br> (d) Current liabilities / (Current assets - Inventory) | $\begin{array}{\|l\|} \hline 2 \\ \text { marks } \end{array}$ | CO1 |
| Q9 | What does the current ratio measure? <br> a) Profitability <br> b) Liquidity <br> c) Solvency <br> d) Efficiency | 2 marks | CO1 |
| Q10 | Ideal acid test ratio is- <br> (a) $1: 1$ <br> (b) $2: 1$ <br> (c) $3: 1$ <br> (d) None of the above | $\begin{array}{\|l\|} \hline 2 \\ \text { marks } \end{array}$ | CO1 |


| SECTION B  <br> Attempt any four questions (20 Marks) |  |  |  |  |  |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: |
| Q1 | Give any three points of distinction between cash basis and accrual basis of accounting. |  |  |  | $\begin{gathered} 5 \\ \text { marks } \end{gathered}$ | CO2 |
| Q2 | List the three major activities of cash flow statement. |  |  |  | $\begin{gathered} 5 \\ \text { marks } \\ \hline \end{gathered}$ | CO2 |
| Q3 | Calculate net profit ratio if cash sales Rs. 2,00,000; Gross profit $20 \%$ on sales; Non operating expenses Rs. 20,000; credit sales $80 \%$ of total sales |  |  |  | $\begin{gathered} 5 \\ \text { marks } \\ \hline \end{gathered}$ | CO 3 |
| Q4 | Explain any two accounting concepts with examples. |  |  |  | $\begin{gathered} 5 \\ \text { marks } \\ \hline \end{gathered}$ | CO1 |
| Q5 | Write any two methods of depreciation. |  |  |  | $\begin{gathered} 5 \\ \text { marks } \end{gathered}$ | CO2 |
| SECTION-CAttempt any three questions |  |  |  |  |  |  |
| Q1 | Journalize the following transactions; prepare Ledger <br> (a) Mr. X started business with a capital of Rs $5,00,000$ <br> (b) He opened a bank account and deposited Rs 1,00,000 <br> (c) Purchased goods from Rakesh Rs 25,000 <br> (d) Sold to Mr. Ram for Rs 5,000 <br> (e) Paid wages Rs 500 <br> (f) Purchased goods from Mr. Ramesh for Rs 10,000 <br> (g) Received a cheque for Rs 2,000 from Mr. Ram and deposited into the bank <br> (h) Sent a cheque to Mr. Ramesh for Rs 5,000 . <br> (i) Cash sales Rs 10,000 <br> (j) Cash Rs 2000 and goods worth Rs 1000 withdrawn by the owner for personal use <br> (k) Goods worth Rs 2,500 distributed as a free sample. |  |  |  | $\begin{gathered} 10 \\ \text { marks } \end{gathered}$ | CO3 |
| Q2 | From the following trial balance of M/s Kaushal Traders, prepare Trading and Profit and Loss Account for the year ended 31st March 2012 and a Balance Sheet as on that date: |  |  |  | $\begin{gathered} 10 \\ \text { marks } \end{gathered}$ | CO |
|  | Dr. Balances | Amount | Cr. Balances | Amount |  |  |
|  | Opening stock on 1st April, 2011 | 16,000 | Capital | 80,000 |  |  |
|  | Purchases | 75,000 | Sales | 2,00,000 |  |  |
|  | Sales returns | 5,000 | Purchases returns | 2,000 |  |  |
|  | Carriage inwards | 1,500 | Discount | 500 |  |  |
|  | Plant and Machinery | 40,000 | Sundry creditors | 10,000 |  |  |
|  | Furniture and fixtures | 5,000 | Bills payable | 1,500 |  |  |
|  | Freehold property | 45,650 |  |  |  |  |
|  | Cash in hand | 5,000 |  |  |  |  |
|  | Wages | 30,000 |  |  |  |  |
|  | Salaries | 18,000 |  |  |  |  |
|  | Lighting (factory) | 800 |  |  |  |  |
|  | Sundry debtors | 28,000 |  |  |  |  |
|  | Travelling expenses | 1,200 |  |  |  |  |
|  | Rent and taxes | 4,800 |  |  |  |  |


|  | Adjustments: <br> i. Stock on 31st March 2012 was valued at Rs. 38,000 (market value Rs. 20,000). <br> ii. Wages amounting to Rs. 2,000 and salaries amounting to Rs. 1,500 are outstanding. <br> iii. Prepaid insurance amounted to Rs. 150. <br> iv. Provide depreciation on plant and machinery at $5 \%$ and on furniture and fixtures at $10 \%$ <br> Or <br> What is a Trial Balance? State any four functions of a Trial Balance. What are the two methods of preparation of Trial Balance? |  |  |  |  |
| :---: | :---: | :---: | :---: | :---: | :---: |
| Q3 | The following details are being taken from the records of Madhav Corporation as on 31.03.2022- <br> Cash <br> Rs. 25,000 <br> Debtors (Net) <br> Rs. 12,000 <br> Inventory <br> Rs. 8,000 <br> Prepaid Expenses <br> Rs. 2,000 <br> Creditors <br> Rs. 12,000 <br> Bills Payable <br> Rs. 3,000 <br> Sales <br> Rs. 53,000 <br> Purchases <br> Rs. 34,000 <br> Purchases Returns <br> Rs. 750 <br> On the basis of above information, compute the following- <br> (a) Current Ratio; (b) Acid-Test Ratio; (c) Inventory Turnover Ratio; (d) Receivable Turnover Ratio; (e) Average payment period. <br> Or <br> What do you understand by 'ratio analysis'? What are the objectives and limitations of ratio analysis. |  |  | $\begin{gathered} 10 \\ \text { marks } \end{gathered}$ | CO3 |
| SECTION-D ( 30 Marks) |  |  |  |  |  |
|  | Attempt both the questions |  |  |  |  |
| Q1 | On April 01, 2010, Bajrang Marbles purchased a Machine for ₹ $1,80,000$ and spent ₹ 10,000 on its carriage and ₹ 10,000 on its installation. It is estimated that its working life is 10 years and after 10 years its scrap value will be ₹ 20,000 . Prepare Machine account and Depreciation account for the first four years by providing depreciation on straight line method. Accounts are closed on March 31st every year. <br> Or <br> For financial analysis, how significant is the cash flow statement? |  |  | $\begin{gathered} 15 \\ \text { marks } \end{gathered}$ | $\mathrm{CO4}$ |

Q2 $\quad$ Given below are the balances extracted from the books of Nagarajan as on $31^{\text {st }}$ March, 2016.

| Particulars | Amount | Particulars | Amount |
| :--- | :--- | :--- | :--- |
| purchases | 10,000 | Sales | 15,100 |
| Wages | 600 | Commission Received | 1,900 |
| Freight Inward | 750 | Rent Received | 600 |
| Advertisement | 500 | Creditors | 2,400 |
| Carriage Outwards | 400 | Capital | 5,000 |
| Cash | 1,200 |  |  |
| Machinery | 8,000 |  |  |
| Debtors | 2,250 |  |  |
| Bills Receivables | 300 |  |  |
| Stock on 1 ${ }^{\text {st }}$ January | 1,000 |  |  |
|  |  |  | $\mathbf{2 5 , 0 0 0}$ |
| Total | $\mathbf{2 5 , 0 0 0}$ |  | $\mathbf{l}$ |

Prepare the trading and profit and loss account for the year ended 31st March, 2016 and the balance sheet as on that date after adjusting the following:
i. Commission received in advance Rs. 400
ii. Advertisement paid in advance Rs. 150
iii. Wages outstanding Rs. 200
iv. Closing stock on 31st March 2016, Rs. 2,100

Or
2. How final accounts relate to the terms "trading account," "profit and loss account," and "balance sheet." Give a brief description of the contents and objectives of each of these accounts.

