

Name:	 UPES UNIVERSITY WITH A PURPOSE
Enrolment No:	

UNIVERSITY OF PETROLEUM AND ENERGY STUDIES
End Semester Examination, December 2019

Course: Aviation Industry Accounting	Semester: 1st Sem.
Program: MBA AVM	Time: 03 Hours
Course code: FINC 7009	Max. Marks: 100
Instructions:	

SECTION A **(20 Marks)**

Q1	The basic function of financial accounting is to (a) Record all business transactions (b) Interpret the financial data (c) Assist the management in performing functions effectively (d) None of the above	2 Mark	
Q2	Accounting principles are mainly based on (a) Practicability (b) Subjectivity. (c) Convenience in recording (d) All of these	2 Mark	
Q3	Which one of the following accounting concepts treats owner of the business as a creditor of the business — (a) Going concern concept (b) Historical cost concept (c) Business entity concept (d) Realization concept	2 Mark	
Q4	According to money measurement concept the following will be recorded in the books of accounts of the business (a) Health of MD of the Company (b) Value of Furniture (c) Quality of Company's goods (d) a and c	2 Mark	
Q5	A Schedule of balances drawn from ledger is called (a) A trial balance (b) A statement of affairs (c) A balance sheet (d) A statement of account	2 Mark	
Q6	The convention of conservatism is applicable in (a) Providing for discount on creditors (b) Provision for Doubtful debts (c) Providing for depreciation (d) None of these	2 Mark	
Q7	The amount brought in by the owner in the business should be credited to (a) Cash account (b) Drawing account (c) Capital account (d) Business account	2 Mark	
Q8	Goodwill account is a (a) Personal account (b) Tangible real account (c) Intangible real account (d) Nominal account.	2 Mark	
Q9	In case of a debt becoming debt the amount should be credited to (a) Bad debt account (b) Debtors account (c) Sales account (d) Purchase account	2 Mark	
Q10	Current liabilities are equal to (a) Working capital + Current assets (b) Working capital – Current assets (c) Current assets – Working capital (d) Current assets + Working capital	2 Mark	

SECTION B (20 Marks)																															
Attempt any four questions																															
Q1	Explain the importance of accounting as the language of business.	5 marks	CO1																												
Q2	Describe the rules of accounting and stages of accounting.	5 marks	CO1																												
Q3	Explain the difference between straight and diminishing value method	5 marks	CO2																												
Q4	Explain the concept of Break even analysis and Cost Volume analysis and how they are useful for the managers for their decision making.	5 marks	CO2																												
Q5	Discuss the importance of budget and budgetary control for an organization	5 marks	CO2																												
SECTION-C (30 Marks)																															
Attempt any three																															
Q1	On 1 st January 2015, machinery was purchased by Lokesh Industries Ltd. for Rs 50,000. On 1 st July, 2016 additions were made to the extent Rs 10,000. On 1st April 2017, further additions were made to the extent of Rs 6,400. On 30 th June 2018 machinery, the original value of which was Rs 8,000 on 1 st January 2015, was sold for Rs 6,000. X closes his books on 31st December each year. Show the Machinery Account for the year from 2015 to 2018 in the books of X, if depreciation is charged at 10% p.a. according to the Diminishing balance Method	10 marks	CO3																												
Q2	Sunshine Ltd sells beach buckets and spades. The forecast information for the six months ending 31 October 2013 is: <table border="1" style="margin: 10px auto;"> <thead> <tr> <th></th> <th>May</th> <th>June</th> <th>July</th> <th>August</th> <th>September</th> <th>October</th> </tr> </thead> <tbody> <tr> <td>Sales</td> <td>16,000</td> <td>20,000</td> <td>26,000</td> <td>28,000</td> <td>24,000</td> <td>20,000</td> </tr> <tr> <td>Purchases</td> <td>12,000</td> <td>16,000</td> <td>18,000</td> <td>14,000</td> <td>12,000</td> <td>10,000</td> </tr> <tr> <td>Overheads</td> <td>4,000</td> <td>8,000</td> <td>8,000</td> <td>8,000</td> <td>8,000</td> <td>4,000</td> </tr> </tbody> </table> <p>Additional information</p> <ol style="list-style-type: none"> On an average 20% of each month's sales is expected to be in cash. A further 60% will be given one month's credit. The rest will be given two months' credit. All monies should be received when due. The overheads are paid in the month in which they occur. Suppliers are expected to allow one month's credit. The cash at bank balance as at 1 July 2013 is Rs 7,200 overdrawn. 		May	June	July	August	September	October	Sales	16,000	20,000	26,000	28,000	24,000	20,000	Purchases	12,000	16,000	18,000	14,000	12,000	10,000	Overheads	4,000	8,000	8,000	8,000	8,000	4,000	10 marks	CO3
	May	June	July	August	September	October																									
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Overheads	4,000	8,000	8,000	8,000	8,000	4,000																									
Q3	From the given Profit & Loss Account and Balance sheet of XYZ Ltd. Calculate: i) Current ratio ii) Proprietary ratio iii) Debt Equity ratio iv) Debtors Turnover ratio & Average collection period and v) Creditors turnover ratio	10 marks	CO4																												

Profit & Loss A/c
for the year ended 31st March 2014

Particulars	Amount	Particulars	Amount
To, Cost of goods sold	175000	By, Sales (Credit)	3,00,000
To, Administrative expenses	25,000		
To, Finance expenses	15,000		
To, Selling expenses	20,000		
To, Depreciation	15,000		
To, Provision for tax	20,000		
To, Net Profit	30,000		
	300000		3,00,000

Balance Sheet
as on 31st March 2014

Liabilities	Amount	Assets	Amount
Equity Share Capital	100000	Land & Building	185000
Preference Share Capital	50000	Long term Investment	40000
Reserves	35000	Stock	35000
10% Debentures	50000	Debtors	30000
Creditors	20000	Cash & Bank	10000
Outstanding expenses	45000		
	300000		300000

Q4 “Depreciation is a permanent and continuous decline in the quality or value of an asset”. Discuss.

Or

“With the rapidly changing business environment the role of accounting has undergone a tremendous change”. Discuss.

**10
marks**

CO2

SECTION-D

(30 Marks)

Q1 Prepare the Cost sheet from the following details obtained from the cost records of X Ltd.

Particulars	Amount Rs
Stock of Raw Material 1.1.2015	75,000
Stock of Raw Material 31.12.2015	91,500
Direct wages	52,500
Indirect wages	2,750
Sales	2,11,000
Work in Progress 1.1.2015	28,000
Work in Progress 31.12.2015	35,000
Purchase of raw materials	66,000

**15
marks**

CO3

	Factory rent, rates and taxes	15,000		
	Depreciation on Plant and Machinery	3,500		
	Expenses on purchase	1,500		
	Carriage on Sales	2,500		
	Advertising	3,500		
	Office Rent and taxes	2,500		
	Salesman wages and commission	6,000		
	Stock of Finished goods 1.1.2015	54,000		
	Stock of Finished goods 31.12.2015	31,000		

Q2	The Trial Balance of Shri Shashank, in respect of the year ending 31 st March 2016 given below. Prepare his Trading and Profit & Loss Account for the year ended 31 st March 2016 and also his Balance Sheet on that date.				15 marks	CO3
	Particulars	Amount Rs	Particulars	Amount Rs		
	Opening stock	16,000	Bank Loan	4,400		
	Buildings	24,000	Creditors	11,600		
	Sundry Debtors	17,000	Capital	32,000		
	Machinery	10,000	Sales	130,000		
	Drawing	4,000	Discount	400		
	Purchases	90,000	Purchase returns	800		
	Insurance & Taxes	1,500	Commission	750		
	Trade expenses	3,600	Provision for bad debts	400		
	Sales returns	600	Bills Payable	2000		
	Salaries	8,200				
	Freight on purchases	1,250				
	Bad debts	300				
	Bills Receivable	4,500				
Cash in hand	1,400					
Total	182,350		182,350			
The following adjustments are necessary.						
i) Closing Stock on 31st March 2016 was Rs 12,000.						
ii) Rs 800 are outstanding for salaries.						
iii) Insurance prepaid Rs 500.						
iv) Depreciation is to be written off on the building at 2% and on machinery at 10%						
v) Provision to be made on debtors at 5% for bad debts.						
vi) Commission earned but not yet received Rs 200.						