



University of Petroleum & Energy Studies  
School of Business  
Kandoli Campus, Dehradun

**End Semester Examination – December, 2019**

Programme Name: **MBA(O&G)**  
Subject: **Petroleum Industry Accounting**  
Subject code: **FINC 7004**

Semester: **I**  
M.Marks: **100**  
Duration: **3 Hrs**

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Section –A (Objective type)

(10\*2)

**Q1. All CO1**

Q.1. Choose the odd one account:

- (a) Salary A/c      (b) Wages A/c      (c) Rent A/c      (d) Rent Outstanding

Q.2. Goods worth Rs. 3000 distributed as free sample will be debited to :

- (a) Trading A/c      (b) Profit and Loss A/c      (c) Sales Promotion A/c      (d) Charity A/c

Q.3. Purchase Return A/c shall have:

- (a) Dr. Balance      (b) Cr. Balance      (c) Either Dr. or Cr. Bal      (d) Neither Dr. nor Cr.

Q4. The term used for writing off long term investment in tangible assets is called:

- (a) Depreciation      (b) Depletion      (c) Amortization      (d) Obsolescence

Q5. One of the method of recording depreciation is:

- (a) Straight Line Method      (b) Written Down Value Method  
(c) Creating Provision for Depreciation      (d) All of the Above

Q6. What would be the cost of goods sold from the following details:

Opening Stock : Rs. 4,000; Purchases Rs. 26, 000; Closing Stock : 2,000

- (a) Rs. 28,000      (b) Rs. 30,000      (c) Rs. 26,000      (d) Rs. 32,000

Q7. Select the odd one out:

- (a) Salary A/c      (b) Insurance A/c      (c) Rent A/c      (d) Commission Received

Q8. Which of the following is Personal Account?

- (a) Bank A/c      (b) Cash A/c      (c) Salary A/c      (d) Furniture A/c

Q9. Machinery A/c shall be closed as:

- (a) To balance b/d      (b) By balance b/d      (c) To balance c/d      (d) By balance c/d

Q10. Depreciation is:

- (a) Asset      (b) Reserve      (c) Expense      (d) Loss

**Section (B) Short Types (4\*5 marks) 20 Marks**

Q2. Write about treatment of provision for tax and tax paid in Cash Flow Statement CO2

Q3. What is the contingent liability? Where it is shown in the Balance sheet? Give Two examples of contingent liabilities. CO3

Q4. Differentiate between Successful Effort & Full Cost method accounting approaches in oil and gas accounting. CO4

Q5. Xyz Ltd drilled the first successful well on lease A early in 2017. The company plans to develop this lease fully over the next several years. Data for the lease as of Dec 31<sup>st</sup> 2017 are as follows:

Leasehold cost(Acquisition- proved)	\$50,000
IDC(Wells and Related E&F)	\$90,000
Lease & Well equipment(Wells and Related E&F)	\$30,000
Production during 2017	5,000 bbl
Total estimated proved reserves, Dec 31,2017	8,95,000 bbl
Total estimated proved reserves recoverable(31/12/17)	95,000 bbl

Pass appropriate Journal entry for the DD&A CO4

**Section –C – (3\*10) 30 Marks**

Q6. The manager of a Repairs and Maintenance Department has submitted the following budget estimates that are to be used to construct a flexible budget to be used during the coming budget year.

Details of cost	Planned at 6000	Planned at 9000
	direct repairs hours	direct repair hours
Employee Salaries	30,000	30,000
Indirect Repair Materials	40,200	60,300
Miscellaneous Costs	13,200	16,800

Prepare a flexible budget for the department up to activity level of 10,000 repair hours CO3

Q7. Based on the following particulars show various Assets & Liabilities of Tirupati Limited

Fixed Assets turnover Ratio	8 Times
Capital Turnover Ratio	2 Times
Inventory Turnover Ratio	8 Times
Receivable Turnover Ratio	4 Times
Payable Turnover Ratio	6 Times
Gross Profit Ratio	25%

Gross profit during the year amounts to Rs. 800000.

There is no long term Loan or overdraft. Reserves & Surplus amounts to Rs. 200000.

Ending inventory of the year is Rs. 20000 above the beginning inventory. CO4

Q8. Xyz Ltd has a fully developed producing lease that has both oil and gas reserves.  
Data of the lease is as follows,

Net capitalized cost, Dec 31 <sup>st</sup>	\$2,200,000
Estimated proved developed reserves, Dec 31 <sup>st</sup> :	
Oil	4,00,000 bbl
Gas	1,800,000 Mcf
Production during the year:	
Oil	50,000 bbl
Gas	2,00,000Mcf

Calculate the DD&A and pass necessary journal entry assuming **Conversion method** **CO5**

**Section D Long type Numerical (30 Marks)**

Q9. The financial position of ABC Ltd. as on 31<sup>st</sup> March 2017 was as follows :

Dr.					Cr.
Liabilities	2016 Rs.	2017 Rs.	Assets	2016 Rs.	2017 Rs.
Current Liabilities	72,000	82,000	Cash	8,000	7,2000
Loan from Z Ltd.	....	40,000	Debtors	70,000	76,800
Loan from Bank	60,000	50,000	Stock	50,000	44,000
Share Capital	2,00,000	2,00,000	Land	40,000	60,000
Profit and Loss A/c	96,000	98,000	Buildings	1,00,000	1,10,000
			Machinery	2,14,000	2,44,000
			Provision for Dep.	(54,000)	(72,000)
	4,28,000	4,70,000		4,28,000	4,70,000

During the year. Rs. 52,000 were paid as dividend.

Prepare Cash Flow Statement.

CO4,CO5

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