

Name:
Enrolment No:



UNIVERSITY WITH A PURPOSE

UNIVERSITY OF PETROLEUM & ENERGY STUDIES

End Semester Examination (Online) – December, 2020

Program: BA Hons (EE)
Subject/Course: Business Accounting
Course Code: FINC 1001

Semester:III
Max. Marks: 100
Duration: 3 Hours

IMPORTANT INSTRUCTIONS

The Question Paper shall have **three sections (A, B, C)**

Q.No	Section A (MCQ) 6 Question of 5 Marks each	Marks	
Q.1	Which of the following is/are not a revenue reserve? a. General reserve. b. Investment allowance reserve. c. Revaluation reserve. d. Capital reserve.	5	
Q.2	Recording of capital contributed by the owner as liability ensures the adherence of principle of a. Double entry b. Going concern c. Separate entity d. Materiality	5	
Q.3	As per the double entry concept a. Assets + Liabilities = Capital b. Capital = Assets – Liabilities c. Capital – Liabilities = Assets d. Capital + Assets = Liabilities	5	
Q.4	Only the significant events which affect the business must be recorded as per the principle of a. Separate entity b. Accrual c. Materiality d. Going concern	5	
Q.5	The basic concepts related to P&L Account are a. Realization concept b. Matching concept c. Cost concept	5	

	d. Both (a) and (b) above																																						
Q.6	Which of the following is not a fixed asset? a. Building. b. Bank balance. c. Plant. d. Patents	5																																					
Section B (scan & upload) 5 Question of 10 Marks each																																							
Q.7	<p>From the following balance sheet of a company, calculate</p> <ol style="list-style-type: none"> 1 debt equity ratio, 2 total assets to debt ratio 3. Proprietary ratio 4. Acid Test Ratio 5. Current Ratio <p>Balance Sheet of X ltd as on 31.3.2012</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 30%;">Preference Share Capital</td> <td style="width: 15%;">7,00,000</td> <td style="width: 30%;">Plant and Machinery</td> <td style="width: 25%;">9,00,000</td> </tr> <tr> <td>Equity Share Capital</td> <td>8,00,000</td> <td>Land and Building</td> <td>4,20,000</td> </tr> <tr> <td>Reserves</td> <td>1,50,000</td> <td>Motor Car</td> <td>4,00,000</td> </tr> <tr> <td>Debentures</td> <td>3,50,000</td> <td>Furniture</td> <td>2,00,000</td> </tr> <tr> <td>Current Liability</td> <td>2,00,000</td> <td>Stock</td> <td>90,000</td> </tr> <tr> <td></td> <td></td> <td>Debtors</td> <td>80,000</td> </tr> <tr> <td></td> <td></td> <td>Cash and Bank</td> <td>1,00,000</td> </tr> <tr> <td></td> <td></td> <td>Discount on Issue of Shares</td> <td>10,000</td> </tr> <tr> <td></td> <td style="text-align: right;">22,00,000</td> <td></td> <td style="text-align: right;">22,00,000</td> </tr> </table>	Preference Share Capital	7,00,000	Plant and Machinery	9,00,000	Equity Share Capital	8,00,000	Land and Building	4,20,000	Reserves	1,50,000	Motor Car	4,00,000	Debentures	3,50,000	Furniture	2,00,000	Current Liability	2,00,000	Stock	90,000			Debtors	80,000			Cash and Bank	1,00,000			Discount on Issue of Shares	10,000		22,00,000		22,00,000	10	
Preference Share Capital	7,00,000	Plant and Machinery	9,00,000																																				
Equity Share Capital	8,00,000	Land and Building	4,20,000																																				
Reserves	1,50,000	Motor Car	4,00,000																																				
Debentures	3,50,000	Furniture	2,00,000																																				
Current Liability	2,00,000	Stock	90,000																																				
		Debtors	80,000																																				
		Cash and Bank	1,00,000																																				
		Discount on Issue of Shares	10,000																																				
	22,00,000		22,00,000																																				
Q.8	<p>Shubham commenced business as on January 01, 2020. Given below are his transactions for the month of Jan. 2020. Journalize them.</p> <p>Jan. 1 Business commenced with a capital of Rs. 20,000 Jan. 2 Bank account opened by depositing cash Rs. 10,000 Jan. 3 Goods purchased from R on credit Rs. 5,000 Jan. 5 Goods sold to RP on credit Rs. 4,000 Jan. 7 Goods purchased from RM on credit Rs. 6,000 Jan. 8 Wages paid to employees Rs. 200 Jan. 9 Goods sold to M on credit Rs. 5,000 Jan.10 Debt paid for the months of January to March 2001 Rs. 3,000</p>	10																																					

	Jan.10 Cheque received from RP Rs. 4,000 Jan.12 Paid for office expenses Rs. 1,000 Jan.12 Sold Goods to Jagdish on cash Rs. 2,000 Jan.13 Cheque issued in favor of RM Rs. 6,000																																																																													
Q.9	Does every company prepare final accounts. What are different sections and the outcome of each? Enumerate & examine?	10																																																																												
Q.10	Prepare a format of cash flow statement as per indirect method.	10																																																																												
Q.11	State the reason why Analysis of financial statements is important? Normally what does annual report of the company contains.	10																																																																												
Section C (scan & upload)1 Question of 20 Marks each (Attempt any one)																																																																														
	Prepare a trading account, profit and loss account and balance sheet from the following trial balance of Mr. Kumar.																																																																													
	<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: left;">PARTICULARS</th> <th style="text-align: right;">Amount (Dr.)</th> <th style="text-align: right;">Amount (Cr.)</th> </tr> </thead> <tbody> <tr><td>Stock at Commencement</td><td></td><td style="text-align: right;">60,000</td></tr> <tr><td>Kumar's Drawings</td><td></td><td style="text-align: right;">22,000</td></tr> <tr><td>Trade Expenses</td><td></td><td style="text-align: right;">1,350</td></tr> <tr><td>Salaries</td><td></td><td style="text-align: right;">11,200</td></tr> <tr><td>Advertising</td><td></td><td style="text-align: right;">840</td></tr> <tr><td>Discount</td><td></td><td style="text-align: right;">600</td></tr> <tr><td>Bad Debts</td><td></td><td style="text-align: right;">800</td></tr> <tr><td>Business Premises</td><td></td><td style="text-align: right;">12,000</td></tr> <tr><td>Furniture and Fixtures</td><td></td><td style="text-align: right;">10,000</td></tr> <tr><td>Cash in Hand</td><td></td><td style="text-align: right;">2,060</td></tr> <tr><td>Kumar's Capital</td><td></td><td style="text-align: right;">70,000</td></tr> <tr><td>Purchase Returns</td><td></td><td style="text-align: right;">2,600</td></tr> <tr><td>Purchases</td><td style="text-align: right;">1,50,000</td><td></td></tr> <tr><td>Sales Returns</td><td style="text-align: right;">5,400</td><td></td></tr> <tr><td>Wages</td><td style="text-align: right;">7,000</td><td></td></tr> <tr><td>Conveyance Charges</td><td style="text-align: right;">1,320</td><td></td></tr> <tr><td>Rent, Rates, Taxes and Insurance</td><td style="text-align: right;">5,600</td><td></td></tr> <tr><td>Interest</td><td style="text-align: right;">430</td><td></td></tr> <tr><td>Plant and Machinery</td><td style="text-align: right;">20,000</td><td></td></tr> <tr><td>Sundry Debtors</td><td style="text-align: right;">92,000</td><td></td></tr> <tr><td>Sales</td><td></td><td style="text-align: right;">2,50,000</td></tr> <tr><td>Sundry Creditors</td><td></td><td style="text-align: right;">60,000</td></tr> <tr><td>Bank Overdraft</td><td></td><td style="text-align: right;">20,000</td></tr> <tr><td style="text-align: right;">Total</td><td style="text-align: right;">4,02,600</td><td style="text-align: right;">4,02,600</td></tr> </tbody> </table>	PARTICULARS	Amount (Dr.)	Amount (Cr.)	Stock at Commencement		60,000	Kumar's Drawings		22,000	Trade Expenses		1,350	Salaries		11,200	Advertising		840	Discount		600	Bad Debts		800	Business Premises		12,000	Furniture and Fixtures		10,000	Cash in Hand		2,060	Kumar's Capital		70,000	Purchase Returns		2,600	Purchases	1,50,000		Sales Returns	5,400		Wages	7,000		Conveyance Charges	1,320		Rent, Rates, Taxes and Insurance	5,600		Interest	430		Plant and Machinery	20,000		Sundry Debtors	92,000		Sales		2,50,000	Sundry Creditors		60,000	Bank Overdraft		20,000	Total	4,02,600	4,02,600		20
PARTICULARS	Amount (Dr.)	Amount (Cr.)																																																																												
Stock at Commencement		60,000																																																																												
Kumar's Drawings		22,000																																																																												
Trade Expenses		1,350																																																																												
Salaries		11,200																																																																												
Advertising		840																																																																												
Discount		600																																																																												
Bad Debts		800																																																																												
Business Premises		12,000																																																																												
Furniture and Fixtures		10,000																																																																												
Cash in Hand		2,060																																																																												
Kumar's Capital		70,000																																																																												
Purchase Returns		2,600																																																																												
Purchases	1,50,000																																																																													
Sales Returns	5,400																																																																													
Wages	7,000																																																																													
Conveyance Charges	1,320																																																																													
Rent, Rates, Taxes and Insurance	5,600																																																																													
Interest	430																																																																													
Plant and Machinery	20,000																																																																													
Sundry Debtors	92,000																																																																													
Sales		2,50,000																																																																												
Sundry Creditors		60,000																																																																												
Bank Overdraft		20,000																																																																												
Total	4,02,600	4,02,600																																																																												
Q.12	<p>Adjustments</p> <ol style="list-style-type: none"> 1. Stock at end was Rs. 90,000 2. Outstanding rent was Rs. 500 3. Outstanding wages Rs. 400 4. Prepaid insurance was Rs. 300 and prepaid salaries were Rs. 700 																																																																													

	<p>5. Write off Rs. 800 as further bad debts</p> <p>6. Provide for doubtful debts at 5% on sundry debtors</p> <p>7. Provide depreciation on premises at 2½%, plant and machinery at 7½% and furniture at 10%.</p>		
Q.13	<p>The total sales(all credit) of a firm are Rs.640000. It has a gross profit margin of 15% on sales and a current ratio is 2.5:1. The current liabilities are 96000, inventories 48000 and cash 16000.</p> <p>(1) Determine the average age of inventory, if inventory turnover is 5 times.</p> <p>(2) Determine the average collection period if the opening balance of debtors is intended to be of Rs.80000. (Assume a 360-day year).</p>	20	