

Name:
Enrolment No:



UNIVERSITY OF PETROLEUM & ENERGY STUDIES

Online End Semester Examination, May 2020

Course: Financial Accounting
Program: B.Com (H+Tax+BMI)
Course Code: FINC 1003

Semester: I
Time 03 hrs.
Max. Marks: 100

SECTION A

1. Each Question will carry 5 Marks

2. Instruction: Complete the statement / Select the correct answer(s)

S.No	Question	CO
Q1.	Rearrange the following into the following 3 heads: A. Fixed Assets B. Current Assets C. Loans and Advances I. Goodwill II. Stock-in-trade III. Leasehold IV. Bills Receivable V. Livestock	CO1
Q2.	Fill up the blanks: 1. Internal users are the of the business entity. 2. A would most likely use an entity's financial report to determine whether or not the business entity is eligible for a loan. 3. The Internet has assisted in decreasing the in issuing financial reports to users. 4. users are groups outside the business entity, who uses the information to make decisions about the business entity. <i>External, Management, Economic, Time-gap, Creditor</i>	CO1
Q3.	State whether the following statements are true or false: 1. Depreciation is a non-cash expense. 2. Depreciation is also charged on current assets. 3. Depreciation is decline in the market value of tangible fixed assets. 4. The main cause of depreciation is wear and tear caused by its usage. 5. Depreciation must be charged so as to ascertain true profit or loss of the business.	CO2
Q4.	Match the following: 1. Depreciation 2. Installation, freight and transport 3. Amortization 4. Provision. a. Wear and Tear b. Charge against profit c. Natural Resources d. Acquisition Cost	CO2

	5. Depletion	e. Intangible Assets	
Q5.	Give the adjustment entries to record the following: a. Outstanding Wages b. Prepaid Salary c. Accrued Commission d. Rent received in advance e. Provision for bad and doubtful debts		CO3
Q6.	Tick the correct answer: 1. If the opening capital is Rs. 50,000 as on April 01, 2014 and additional capital introduced Rs. 10,000 on January 01, 2015. Interest charge on capital 10% p.a. The amount of interest on capital shown in profit and loss account as on March 31, 2015 will be : A. Rs. 5,250 B. Rs. 6,000 C. Rs. 4,000 D. Rs, 3,000. 2. If the insurance premium paid Rs.1,000 and pre-paid insurance Rs.300. The amount of insurance premium shown in profit and loss account will be : A. Rs. 1,300 B. Rs. 1,000 C. Rs. 300 D. Rs. 700.		CO3
SECTION B			
1. Each question will carry 10 marks 2. Instruction: Write short / brief notes			
Q7.	Explain the advantages and disadvantages of calculating Accounting Ratios.		CO4
Q8.	The current ratio of a company is 2:1. State, giving reasons and calculations which of the following transactions would (i) improve (ii) reduce, or (iii) not alter , the current ratio: a. Repayment of a current liability b. Purchasing goods on credit c. Sale of an office equipment for Rs. 4000 (BV Rs. 5000) d. Sale of goods for Rs. 11,000 (Cost Rs. 10,000) e. Payment of Dividend already declared.		CO4
Q9.	Write short note on any of the <i>two</i> the following Accounting concepts: a. Business entity b. Money Measurement c. Going Concern d. Historical Cost e. Prudence/conservatism		CO1
Q10.	On 1 st January 2018, Sardana Transport Co. purchased five trucks for Rs. 20,000 each. Depreciation has been provided at the rate of 10% p.a. using straight line method. On January 01, 2019, one truck was sold for Rs. 15,000. On July 01, 2020, another truck (purchased for Rs. 20,000 on Jan 01, 2018) was sold for Rs. 18,000. A new truck costing		CO2

Rs. 30,000 was purchased on October 01, 2020. You are required to prepare trucks account for the years ended on December 2018, 2019 and 2020 assuming that the firm closes its accounts in December every year.

The following were the balances extracted from the books of Adarsh Ltd. as on March 31, 2019.

<i>Debit Balances</i>		<i>Credit Balances</i>	
Cash in hand	540	Sales	98780
Cash at bank	2630	Return outwards	500
Purchases	40675	Capital	62000
Return inwards	680	Sundry creditors	6300
Wages	8480	Rent	9000
Fuel and Power	4730		
Carriage on sales	3200		
Carriage on purchases	2040		
Opening stock	5760		
Building	32000		
Freehold land	10000		
Machinery	20000		
Salaries	15000		
Patents	7500		
General expenses	3000		
Insurance	600		
Drawings	5245		
Sundry debtors	14500		

Q11.

CO3

Taking into account the following adjustments prepare trading and profit and loss account and balance sheet as on March 31, 2019 :

1. Stock in hand on March 31, 2019, was Rs. 6,800.
2. Machinery is to be depreciated at the rate of 10% and patents @ 20%.
3. Salaries for the month of March, 2019 amounting to Rs. 1,500 were outstanding.
4. Insurance includes a premium of Rs. 170 on a policy expiring on September 30, 2019.
5. Further bad debts are Rs. 725. Create a provision @ 5% on debtors.
6. Rent receivable Rs. 1,000.

SECTION C

1. Each Question carries 20 Marks.

2. Instruction: Write long answer.

Q12.	a. You are given the following information: (15) Equity Share Capital Rs. 1,00,000 8% Preference Share capital Rs. 80,000 9% Debentures Rs. 60,000 General Reserve Rs. 10,000	CO4
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Sales	Rs. 2,00,000
Opening Stock	Rs. 12,000
Purchases	Rs. 1,20,000
Wages	Rs. 8,000
Closing Stock	Rs. 18,000
Selling & Distribution Expenses	Rs. 2,000
Other current assets	Rs. 50,000
Fixed Assets	Rs. 2,12,000
Current Liabilities	Rs. 30,000

Calculate the following ratios:

- i. Operating Ratio
- ii. Gross Profit Ratio
- iii. Quick Ratio
- iv. Working Capital Turnover Ratio
- v. Proprietary Ratio

b. The capital of X Ltd. is as follows:

8% Preference Shares of Rs. 100 each	Rs. 5,00,000
Equity Shares of Rs. 10 each	Rs. 20,00,000

The Company earned profit of Rs. 6,00,000 after deducting tax @ 40%. The company decided to distribute 75% of profits available to equity shareholders as dividend. The market price of the equity share is Rs. 42.

Calculate the following ratios:

- i. Earning Per Share
- ii. Dividend Per Share
- iii. Price Earning Ratio

Or

Prepare the Cash Flow statement from the following Balance Sheets of Surat Wind Mills Ltd.

Liabilities	2018	2019	Assets	2018	2019
	Rs.	Rs.		Rs.	Rs.
Share Capital	4,00,000	5,00,000	Machinery	5,00,000	7,00,000
General Reserve	1,25,000	1,35,000	Long-term Investments	70,000	56,000
Profit & Loss A/C	1,10,000	1,90,000	Stock	2,10,000	2,80,000
12% Debentures	2,00,000	1,50,000	Debtors	1,40,000	1,14,000
14% Mortgage Loan	1,00,000	1,60,000	Cash	20,000	40,000
Creditors	80,000	95,000	Bank	50,000	20,000
			Share Issue Expenses	25,000	20,000
	10,15,000	12,30,000		10,15,000	12,30,000

	Total Interest paid during the year amounted to Rs. 37,800.	
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ALL THE BEST!!!