

Name:
Enrolment No:



UNIVERSITY WITH A PURPOSE

UNIVERSITY OF PETROLEUM & ENERGY STUDIES
End Semester Examination – Dec , 2021

Program: MBA IB
Subject/Course: Financial Accounting
Course Code: FINC 7010

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

Section A

Each question carries 2 marks.

S No	Questions:	10Qx2M=20 Marks	CO
Q1	A machinery is purchased for Rs.40,000 on 1st April 2015 and it is depreciated at the rate of 10 % per annum according to diminishing balance method. Its value at the end of second year on 31st March 2017 is a. Rs.32,000. b. Rs.36,000. c. Rs.32,400. d. None of these	2	CO1
Q2 is a current liability a. Bank Loan b. Bank overdraft c. Debentures d. Equity share capital	2	CO1
Q3	Accrual Income are shown in the financial statements as per the concept of a. Dual Aspect Concept b. Materiality c. Going Concern Concept d. Accrual Concept	2	CO1
Q4	Cost is defined as	2	CO1
Q5	Sanket Ltd. purchased a machinery on April 01, 1998 for Rs.1,50,000. It was estimated that the machinery will have a useful life of 5 years after which it will have no salvage value. If the company follows sum-of-the-years' digits method of depreciation, the amount of depreciation charged during the year 2002-2003 was a. Rs.50,000 b. Rs.40,000 c. Rs.30,000 d. Rs.10,000.	2	CO1

Q6	Sales Tax collected is a a. Asset b. Liability c. Expenses d. Income	2	CO1
Q7	Depreciation is defined as.....	2	CO1
Q8	The accounting process of gradually converting the unexpired cost of fixed assets into expenses over a series of accounting periods is a. Depreciation b. Physical deterioration of the asset c. Decrease in market value of the asset d. Valuation of an asset at a point of time	2	CO1
Q9	All anticipated losses should be recorded and anticipated gains should be ignores is described by a. Business Entity Concept b. AS 1 c. Prudence Concept d. Both b & c above	2	CO1
Q10	Which of the following statements is true with regard to written down value method of depreciation? i. The rate at which the asset is written off reduces year after year ii. The amount of depreciation provided reduces from year to year iii. The rate of depreciation as well as the amount of depreciation reduce year after year iv. The value of the asset gets reduced to zero over a period of time. a. Only (i) above b. Only (ii) above c. Both (i) and (ii) above d. (i), (ii) and (iii) above.	2	CO1
	Section B 1. Each question carries 5 marks. 2. Instructions: Write short answers.	4Qx5M= 20 Marks	
Q1	Explain the Following accounting Concepts with example: a. Accrual Concept b. Conservatism Concept c. Dual Aspect Concept d. Materiality Concept	5	CO2

Q2	<p>(a) Current Liabilities of a company are Rs. 3,00,000. Current Assets are 9,00,000 Calculate Current Ratio</p> <p>(b) A firm has made credit purchases of Rs. 5,40,000. The amount payable to the creditors at the beginning and at the end of the year was Rs. 1,27,500 and Rs 1,42,500 respectively. Find out the creditors turnover ratio</p> <p style="text-align: center;">OR</p> <p>Briefly Explain Liquidity Ratios with example?</p>	5	CO2																
Q3	How company assess Depreciation by AS 10- Property, Plant and Equipment?	5	CO3																
Q4	<p>Identify which of the following transactions are operating activities, financing activities and investing activities.</p> <p>(a) Interest paid on loans. (b) Cash received from debtors. (c) Machinery purchased. (d) Income tax paid. (e) Purchased goods for cash. (f) Dividend paid. (g) Sale of motor vehicle for cash. (h) Salaries paid. (i) Repayment of preference shares.</p>	5	CO3																
<p>Section C Each Question carries 10 marks. Show all the steps in calculating the required values until four decimal places.</p>		3Qx10M=30 Marks																	
Q1	<p>Give the Journal Entries for the following transactions in the books of Latex Limited</p> <table border="1" data-bbox="168 1272 1252 1885"> <tr> <td>2021</td> <td></td> </tr> <tr> <td>June 2</td> <td>Sold Goods to Namex Ltd. of the list price for RS. 20,000 at trade discount of 10%</td> </tr> <tr> <td>June 4</td> <td>Namex returned goods worth Rs. 4,000</td> </tr> <tr> <td>June 8</td> <td>Received from Namex Limited Rs. 14,150 in full settlement of his account</td> </tr> <tr> <td>June 9</td> <td>Purchased goods from BTD ltd. of the list price of Rs. 10,000 at 15% Trade Discount</td> </tr> <tr> <td>June 10</td> <td>Returned goods to BTD ltd. for Rs. 1,000</td> </tr> <tr> <td>June 11</td> <td>Paid Cash to SP Ltd Rs. 75,000 and discount received Rs. 5000</td> </tr> <tr> <td>June 12</td> <td>Charity in Goods- Rs. 8,000</td> </tr> </table>	2021		June 2	Sold Goods to Namex Ltd. of the list price for RS. 20,000 at trade discount of 10%	June 4	Namex returned goods worth Rs. 4,000	June 8	Received from Namex Limited Rs. 14,150 in full settlement of his account	June 9	Purchased goods from BTD ltd. of the list price of Rs. 10,000 at 15% Trade Discount	June 10	Returned goods to BTD ltd. for Rs. 1,000	June 11	Paid Cash to SP Ltd Rs. 75,000 and discount received Rs. 5000	June 12	Charity in Goods- Rs. 8,000	10	CO3
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	June 14	Sold goods for cash Rs. 8,000 at 10% trade discount and 3% cash discount														
	June 15	Cheque received from customer Rs. 9,000 and deposit in the Bank on the same day														
	June 16	Cash Sales- Rs. 90,000														
	June 17	Received Commission – Rs. 7,000														
	June 18	Paid Rent- Rs. 4000, Salary- Rs. 5000														
	June 19	Cash Deposit in to Bank- Rs. 90,000														
	June 20	Interest of Rs. 16,000 is charged by Bank														
Q 2	<p>From the following information, Prepare a cost statement showing cost break up and using Traditional Costing System:</p> <p>Sales for March 2013 Rs. 30,00,000 Cost of Goods Sold Rs. 24,80,000 Administrative Expenses Rs. 1,80,000 Selling Expenses Rs. 40,000</p> <table border="1"> <thead> <tr> <th></th> <th>1-3-2013 (Rs.)</th> <th>31-3-2013 (Rs.)</th> </tr> </thead> <tbody> <tr> <td>Raw Material Stock</td> <td>3,20,000</td> <td>4,00,000</td> </tr> <tr> <td>Work in Progress</td> <td>3,20,000</td> <td>4,80,000</td> </tr> <tr> <td>Finished Goods</td> <td>4,20,000</td> <td>3,40,000</td> </tr> </tbody> </table> <p>Direct Wages are 30% of Prime Cost Raw Material Consumed are 50% of Prime Cost Direct Expenses are 20% of Prime Cost Factory Overheads are 20% of Prime Cost</p> <p style="text-align: center;">OR</p> <p>How Cost sheet is prepared? Elucidate with example?</p>			1-3-2013 (Rs.)	31-3-2013 (Rs.)	Raw Material Stock	3,20,000	4,00,000	Work in Progress	3,20,000	4,80,000	Finished Goods	4,20,000	3,40,000	10	CO3
	1-3-2013 (Rs.)	31-3-2013 (Rs.)														
Raw Material Stock	3,20,000	4,00,000														
Work in Progress	3,20,000	4,80,000														
Finished Goods	4,20,000	3,40,000														
Q 3	<p>How various accounting concepts and conventions are used in accounting ?</p>		10	CO3												

Section D**2Qx15M=
30 Marks****Q 1** The following balance were extracted from the books of Bal Braham**15****CO4**

Debit Balances	Amount	Amount	Credit Balances
Miscellaneous expenses	5,400	Share Capital	43,800
General expenses	7,600	Sundry creditors	7,400
Buildings	22,000	Bank overdraft	13,420
Machinery	8,700	Sales	70,800
Stock (1 st April 2020)	18,500	Rent received	900
Octroi	3,590	Commission	1,320
Insurance	1,315	Bills payable	9,300
Wages	7,200		
Sundry debtors	8,000		
Charity	240		
Bad debts	1,515		
Purchases	52,000		
Plant	2,100		
Trade expenses	1,780		
Cash	7,000		
	1,46,940		1,46,940

- (a) Stock on 31st March 2021 was valued at Rs.34,500.
(b) Write off further bad debts of Rs.750 and maintain the provision for bad debts at 10% on sundry debtors.
(c) Provide 5% for discount on sundry creditors.
(d) Depreciate machinery at 20% and plant by 5%.
(e) Provide Rs.940 for outstanding interest on bank overdraft.
(f) Prepaid insurance Rs.250.
- Prepare final accounts for the year ended 31st March 2021 giving effect to the above adjustments.

OR

How company prepare Financial Statements (Income Statement, Profit and Loss Appropriation and Balance Sheet)?

Q 2

From the following information as contained in the Income Statement and the balance sheet of Delta Airlines, Calculate cash generated from Operating, Investing and Financing Activities

15**CO4**

Income Statement for the year ended 31/03/2021

	Rs.	Rs.
Net Sales		40,32,000
Less :		
Cost of Sales	31,68,000	
Depreciation	96,000	
Salaries & Wages	3,84,000	
Operating Expenses	1,28,000	
Provision for Taxation	1,40,000	39,16,800
Net Operating Profit		1,15,200
Non Recurring Income		
Profit on sale of Equipment		19,200
Profit for the Year		1,34,000
Retained Earnings(balance of P&L brought forward)		2,42,880
		3,77,280
Dividend declared and paid during the year		1,15,200
Profit and Loss Account Balance as on 31/03/2020		2,62,080

Comparative Balance Sheets

Rs.

Rs.

	As on 31-03-2020	As on 31-03-2021
Fixed Assets:		
Land	76800	153600
Building and Equipment	576000	921600
Current Assets:		
Cash	96000	115200
Debtors	268800	297600
Stock	422400	153600
Advances	12480	14400
Total	1452480	1656000
Capital	576000	710400
Surplus in P & L a/c	242880	262080
Sundry creditors	384000	374400
Outstanding Expenses	38400	76800
Income Tax Payable	19200	21120
Accumulated Dep. on Building and equipment	192000	211200
Total	1452480	1656000

Cost of Equipment sold was Rs. 1, 15,200.

OR

How do company analyze Operating, Investing and Financing Activities using Cash Flow Statement?