

Name:  
Enrolment No:



UNIVERSITY WITH A PURPOSE

**UNIVERSITY OF PETROLEUM & ENERGY STUDIES**  
**End Semester Examination – December 2021**

**Program: B. Com-H-ECOM&BI + INT-BCOM(H)-MBA**  
**Subject/Course: Financial Accounting**  
**Course Code: FINC 1012**

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

**Section A**

Each question carries 2 marks

<b>S No</b>	<b>Questions:</b>	<b>10Qx2M= 20 Marks</b>	<b>CO</b>
<b>Q1</b>	All Accounting transactions are recorded in the Books of Accounts should be evidenced by business documents defined as per  a. Going Concern Concept b. Business Entity Concept c. Cost Concept d. Verifiable Evidence Concept	<b>2</b>	<b>CO1</b>
<b>Q2</b>	Every Business Transaction has dual aspect being one account is debited and other account must be credited. This statement refers to-  a. Realization concept b. Matching concept c. Duality concept d. Money measurement concept	<b>2</b>	<b>CO1</b>
<b>Q3</b>	GST paid is shown in the books of accounts under  a. Debit Side of Profit and Loss Account b. Credit Side of Profit and Loss Account c. Liabilities Side of Balance Sheet d. Asset Side of Balance Sheet	<b>2</b>	<b>CO1</b>
<b>Q4</b>	Cash deposited into Bank, the Journal entry would be  a. Cash a/c Dr. To Bank a/c b. Cash a/c Dr. To Supplier a/c c. Bank a/c Dr. To Cash a/c d. Customer a/c Dr. To Cash a/c	<b>2</b>	<b>CO1</b>
<b>Q5</b>	'Debit what comes in and Credit what goes out' This accounting rules refers to –  a. Personal Account b. Real Account	<b>2</b>	<b>CO1</b>

	c. Nominal Account d. Both a & b above		
<b>Q6</b>	Current ratio indicates.....  a. Turnover b. Profitability c. Liquidity d. Marketability	<b>2</b>	<b>CO1</b>
<b>Q7</b>	The process of writing off Intangible Assets is known as.....  a. Depreciation b. Dilapidation c. Amortization d. Depletion	<b>2</b>	<b>CO1</b>
<b>Q8</b>	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.	<b>2</b>	<b>CO1</b>
<b>Q9</b>	Rs.2, 500 paid as wages for erecting a new machine is  a. Capital expenditure b. Revenue expenditure c. Deferred expenditure d. Preliminary expenses	<b>2</b>	<b>CO1</b>
<b>Q10</b>	The maximum time limit for preparing books of accounts is .....  a. 12 Months b. 15 Months c. 18 Months d. 10 Months	<b>2</b>	<b>CO1</b>

**Section B (4Qx5M= 20 Marks)**

Write short answers. Each question carries 5 marks.

<b>Q1</b>	Explain Going Concern Concept and Dual Aspect Concept.	<b>5</b>	<b>CO2</b>												
<b>Q2</b>	Explain the advantages and disadvantages of calculating Accounting Ratios.	<b>5</b>	<b>CO2</b>												
<b>Q3</b>	Calculate Liquidity Ratios:  <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: left;">Particulars</th> <th style="text-align: right;">Rs.</th> </tr> </thead> <tbody> <tr> <td>Cash</td> <td style="text-align: right;">20000</td> </tr> <tr> <td>Short Term Investments or Marketable Securities</td> <td style="text-align: right;">40000</td> </tr> <tr> <td>B/R</td> <td style="text-align: right;">12000</td> </tr> <tr> <td>Debtors</td> <td style="text-align: right;">Rs. 85000</td> </tr> <tr> <td>Less: Bad and Doubtful Debts _____ (Rs. 5000)</td> <td style="text-align: right;">80000</td> </tr> </tbody> </table>	Particulars	Rs.	Cash	20000	Short Term Investments or Marketable Securities	40000	B/R	12000	Debtors	Rs. 85000	Less: Bad and Doubtful Debts _____ (Rs. 5000)	80000	<b>5</b>	<b>CO3</b>
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	<p>Inventory 88000  Prepaid Expenses 10000  Loose Tools 10000  Creditors 30000  Outstanding Expenses 4000  B/P- Bills Payable 16000  Income Tax Payable 30000  Bank Overdraft 70000</p> <p style="text-align: center;"><b>OR</b></p> <p>The current ratio of a company is 2:1. State, giving reasons and calculations which of the following transactions would <b>(i) improve (ii) reduce, or (iii) not alter</b>, the current ratio:</p> <p>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.</p>		
<b>Q4</b>	<p>Compute the Gross Profit Ratio from the following particulars:</p> <p>Opening Stock       Rs. 50,000  Purchases            Rs. 1,60,000  Closing Stock        Rs. 70,000  Purchases Return    Rs. 4,000  Sales                  Rs. 2,10,000  Sales Return         Rs. 10,000</p>	<b>5</b>	<b>CO3</b>
<b>Section C (3Qx10M=30 Marks)</b>			
Each Question carries 10 marks. Show all the steps in calculating the required values until four decimal places.			
<b>Q1</b>	How profitability of company can be assessed using Ratio Analysis?	<b>10</b>	<b>CO3</b>
<b>Q2</b>	<p>On 1<sup>st</sup> 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 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 if the firm closes its accounts in December every year.</p> <p style="text-align: center;"><b>OR</b></p> <p>How can a company identify errors by referring to trial balance?</p>	<b>10</b>	<b>CO3</b>
<b>Q3</b>	How can a company identify Operating, Investing and Financing activities and prepare cash flow statement?	<b>10</b>	<b>CO3</b>

**Section D (2Qx15M= 30 Marks)**

**Q 1**

<b>Debit Balances</b>	<b>Amount (Rs.)</b>	<b>Credit Balances</b>	<b>Amount (Rs.)</b>
Opening stock	62,000	Capital Account	1,45,000
Purchases	83,000	Sales	2,25,000
Returns Inward	6,500	Returns outward	4,300
Miscellaneous expenses	3,200	Bills payable	31,000
Patents	45,000	Sundry Creditors	32,000
Carriage	8,900	Bank loan	40,000
Plant and Machinery	84,000		
Office Furniture	28,000		
Sundry Debtors	60,000		
Manufacturing expenses	1,800		
Wages	10,000		
Octroi	1,500		
Office Rent	2,500		
Printing and Stationery	1,800		
Insurance	5,400		
Carriage outward	4,200		
Salaries	34,800		
Factory Rent	3,100		
Audit fees	730		
Bank Charges	1,570		
Drawings	5,000		
Cash in hand	1,100		
Cash at Bank	23,200		
	<b>4,77,300</b>		<b>4,77,300</b>

**15**

**CO4**

From the following trial Balance of K. S. traders prepare a Trading and Profit and Loss Account for the year ended 31<sup>st</sup> March 2021 and a Balance Sheet as on that date:

***Adjustments:***

1. Closing Stock as at 31<sup>st</sup> March 2021 Rs.40,000
2. Outstanding Liabilities to be provided for Salary Rs. 1,200, Factory Rent Rs.1,800 and Office Rent Rs. 550
3. Bad Debts provision to be made @ 5% of Sundry Debtors after writing off Bad Debts amounting to Rs.2,000.
4. Goods withdrawn worth Rs.2,500 for personal use.
5. Depreciation on plant @20%
6. Interest on capital at 5% per annum.

**OR**

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

<b>Liabilities</b>	<b>2018</b>	<b>2019</b>	<b>Assets</b>	<b>2018</b>	<b>2019</b>
	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.

**Q 2** Following balances appear in the books of LMT Limited as on 1<sup>st</sup> April 2018:

**Assets:** Cash Rs. 20,000; Cash at Bank Rs. 27,000; Stock Rs. 50,000; Furniture Rs. 20,000; Building Rs 20,000, Debtors: X Rs. 20,000; Y Rs. 30,000; Z Rs. 44,000

**Liabilities:** Creditors- M Rs. 10,000; N Rs. 14,000

Give the Journal Entries for the following transactions in the books of LMT Limited

<b>2018</b>	<b>Particulars</b>	<b>Rs.</b>
June 1	Loan taken from Bank	6,00,000
June 4	Received a Cheque from X in full settlement and deposited into the bank	18000
June 5	Purchased goods from Kailash of the list price of Rs. 70,000 at 10% trade discount and paid him by Cheque	
June 6	Sold goods for cash and received a Cheque	70,000
June 6	Rent Paid	50,000
June 7	Deposited the above Cheque received on June 6 <sup>th</sup> into the bank	
June 8	Mohan deposited into LMT's bank account	8,000
June 9	Paid Income Tax	19,000
June 10	Received a Cheque from Y and sent to the bank	20,000
	Discount allowed	10,000
June 12	Withdrew from bank for office use	12,000

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CO4

June 12	Withdrew from bank for private use	7,500		
June 14	Sent a Cheque to M in full settlement of his account	9,800		
June 14	Goods given as Charity	70,000		
June 17	Commission Received	10,000		
June 17	Paid Salary be Cheque	90,000		
June 17	Paid for Selling Expenses by Cheque	10,000		
June 18	Bad Debts	80,000		