



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

End Semester Examination – December, 2018

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

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

Section –A (Objective type) (10*2)

<p>Q1.</p> <p>1. Which group of ratios relates the financial charges of a firm to its ability to service them?:</p> <p style="padding-left: 40px;"> (a) Liquidity ratios (b) Debt ratios (c) Profitability ratios (d) Coverage ratios </p>	CO 2
<p>2. Preliminary Expenses:</p> <p style="padding-left: 40px;"> (a) Intangible Asset (b) Prepaid Expense (c) Deferred Assets (d) Fictitious asset </p>	CO4
<p>3. Accounting Policies should not be changed from one period to other is based on the principle of :</p> <p style="padding-left: 40px;"> (a) Matching (b) Full Disclosure (c) Conservatism (d) Consistency </p>	CO2
<p>4. Distribution of the portion of corporate earnings is:</p> <p style="padding-left: 40px;"> (a) Share (b) Debenture (c) Profit (d) Dividend </p>	CO1
<p>5. The capital to be registered by the company at the time of its registration is known as :</p> <p style="padding-left: 40px;"> (a) Equity Capital (b) Preference Capital (c) Called up Capital (d) None of these </p>	CO2
<p>6. The comparison of current financial results with previous years' is known as :</p> <p style="padding-left: 40px;"> (a) Inter Firm Comparison (b) Intra Firm Comparison (c) Ultra Firm Comparison (d) None of the above </p>	CO1
<p>7. A trader carries stock of Rs. 40,000 on average and his STR is 8 times. What would be his profit if his GPR is 20% on sales</p> <p style="padding-left: 40px;"> (a) Rs. 8,000 (b) Rs. 85,000 (c) Rs. 84,000 (d) Rs. 80000 </p>	CO3
<p>8. Select the odd one out:</p> <p style="padding-left: 40px;"> (a) Redemption of debt. (b) Issue of Shares (c) Repayment of Loan (d) Dividend Paid </p>	CO2
<p>9. Which of the following is NOT Personal Account?</p> <p style="padding-left: 40px;"> (a) Prepaid Insurance (b) Bills Receivable A/c (c) Capital A/c (d) Bank A/c </p>	CO2
<p>10. Which of the following is NOT a part of Annual Report:</p> <p style="padding-left: 40px;"> (a) Funds Flow Statement (b) Balance Sheet (c) P/L Account (d) Cash Flow Statement </p>	CO3

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

Q2. Prepare a format of Cash Flow Statement. CO2

Q3. Discuss different types of cost and illustrate how to calculate semi variable cost by taking imaginary figures CO3

Q4. Differentiate between Successful Effort & Full Cost method accounting approaches in oil and gas accounting. CO5

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 31st 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 CO5

Section –C – (3*10) 30 Marks

Q6. Prepare a trading account, profit and loss account and balance sheet from the following trial balance of Mr. Kumar.

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
<u>Bank Overdraft</u>		<u>20,000</u>
Total	4,02,600	4,02,600

Adjustments

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
5. Write off Rs. 800 as further bad debts
6. Provide for doubtful debts at 5% on sundry debtors
7. Provide depreciation on premises at 2½%, plant and machinery at 7½% and furniture at 10%. CO3

Q7. Discuss various tools for analysis of Financial Statement of a company in detail. 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 st	\$2,200,000
Estimated proved developed reserves, Dec 31 st :	
Oil	4,00,000 bbl
Gas	36,00,000 Mcf
Production during the year:	
Oil	50,000 bbl
Gas	1,80,000Mcf

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

Section D Long type Numerical (30 Marks)

Q9. The summarized Balance Sheets of XYZ Ltd. as on 31st March, 2011 and 2012 are given below :-

Liabilities	March 31 2011 Rs.	March 31, 2012 Rs.	Assets	March 31, 2011 Rs.	March 31 2012 Rs.
Share Capital	4,50,000	4,50,000	Fixed Assets	4,00,000	3,20,000
General Reserve	3,00,000	3,10,000	Investment	50,000	60,000
Profit and Loss A/c	56,000	68,000	Stock	2,40,000	2,10,000
Creditors	1,68,000	1,34,000	Debtors	2,10,000	4,55,000
Provision for Taxation	75,000	10,000	Bank	1,49,000	1,97,000
Mortgage loan	2,70,000			
	10,49,000	12,42,000		10,49,000	12,42,000

Additional Information :

- (i) Investments costing Rs. 8,000 were sold during the year 2011-12 for Rs. 8,500.

- (ii) Provision for tax made during the year was Rs. 9,000.
- (iii) During the year, part of the fixed assets costing Rs. 10,000 was sold for Rs. 12,000 and the profit was included in the Profit and Loss Account.
- (iv) Dividends paid during the year amounted to Rs. 40,000

You are required to prepare a **Cash Flow Statement**.

CO4,CO5

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