

SET I

Roll No: -----



UNIVERSITY OF PETROLEUM AND ENERGY STUDIES

End Semester Examination, December 2017

Program: BBA LLB (HONS) (Banking & Finance)

Subject (Course): BUSINESS ACCOUNTING

Course Code : CLNL 1007

No. of page/s: 4

Semester – 1

Max. Marks : 100

Duration : 3 Hrs

SECTION A

Q.1: State whether the following statements are true or false: (5 marks)

- (a) Accounting equation approach is based on double entry system of book-keeping.
- (b) Purchases account is a real account.
- (c) Sale of office furniture is should be credited to sale account.
- (d) Goods worth Rs. 600 taken by the proprietor for personal use should be credited to purchase account.
- (e) Where subsidy books are maintained journal is not required.

Q.2: Fill in the Blank: (5 marks)

- A. Transaction between owner and business are recorded due to _____ concept (Going concern/ Business Entity).
- B. Receiver account is _____ (debited / credited).
- C. Cash is a _____ asset (Fixed / Current).
- D. In journal proper only _____ discount is recorded (Cash / Trade).
- E. A trial balance is _____ (a Statement / a Summary).

SECTION B

Q.3: A ltd. purchased machinery of worth rupees 10 lakh on 1stjan 2015. On 1stapril 2016, they purchased a new machinery for 6 lakh., They sold 1st machine for 8 lakh on 31stoct 2017. Depreciation was provided annually on 31st December, at the rate of 10% P.a. WDM method.

Prepare the machinery account for the first three calendar years. (8 marks)

Q.4. Answer any **three** of the following: (12 marks)

- What do you mean by Profit and Loss A/c?
- What is the need for providing depreciation?
- Briefly discuss the scope of accounting standards?
- Capital and Revenue expenditure.

SECTION C

Q5. Pass Journal Entries. (8 marks)

- Jan 1 Suraj paid direct into our bank account Rs.620.
- Jan 5 Withdrew cash from bank for personal use Rs.170.
- Jan 10 Salary payable Rs. 5,000.
- Jan 20 Received from Raja a cheque Rs.490 and allowed him discount Rs.10.

Q.6 From the following information of ABC limited for the period 31st march 2017,prepare the **Common-size Balance Sheet.** (8 marks)

Liabilities	AMOUNT	Assets	AMOUNT
Equity Capital	5,00,000/-	Fixed Assets	6,00,000/-
Debentures	2,50,000/-	Investments	2,00,000/-
Tax Payable	70,000/-	Debtors	50,000/-
Creditors	100,000/-	Stock	50,000/-
Interest Payable	30,000/-	Bills Receivable	70,000/-
Bills Payable	50,000/-	Cash	30,000/-
Total	10,00,000/-		10,00,000/-

Q.7 What is Ratio Analysis and its advantage for the stakeholders of a company? (4 marks)

SECTION D

Q.8 Prepare **Cash Flow statement** from the following. (15 marks)

LIABILITIES	2016	2017	ASSETS	2016	2017
Share Capital	4,00,000	6,00,000	Land	1,00,000	1,80,000
Debenture	3,00,000	2,25,000	Plant	4,00,000	3,00,000
Bills payable	1,50,000	2,25,000	Investment	2,00,000	2,20,000
Creditors	50,000	30,000	Debtors	1,20,000	1,80,000
			Cash & Bank	80,000	2,00,000
TOTAL	9,00,000	10,80,000	TOTAL	9,00,000	10,80,000

The following additional information has also been given:

- (i) Depreciation charged on plant was Rs.10, 000.
- (ii) Provision for taxation of Rs.20, 000 was made during the year 1996.

Q.9 From the following information, find out following ratio: (15 marks)

- (A) Current Ratio (B) Liquid Ratio (C) Fixed asset turnover Ratio
- (D) Debt- Equity Ratio (E) Net profit Ratio.

LIABILITIES	AMOUNT	ASSETS	AMOUNT
Share Capital	3,00,000	Building	1,50,000
Loans	4,00,000	Machine	2,50,000
Creditors	1,50,000	Stock	3,00,000
Bills payable	50,000	Cash & Bank	1,00,000
		Debtors	100,000
TOTAL	9,00,000	TOTAL	9,00,000

Sales of the year 10, 00,000 and Net profit is 2, 00,000.

Q.10 Case Study: Starting new Business

Olivia Boulton used to work as a buyer of Kitchen and cookware goods for a large department store in central London. She was good at her job and knew the type of good that sold well.

Two year ago, Olivia took the decision to set up in business on her own, selling a range of kitchen and cookware goods designed and manufactured in Italy. She decided to set up as a sole trader rather than taking on a partner or forming a limited company. She wanted the freedom of being her own boss, although she knew the financial risk involved in 'going it alone'.

In her first year of trading Olivia identified suitable rented premises in her home town of Brighton. She likes the premises so much that a year she took the option of buying them and refitting the shop-all with the help of a bank loan.

Business has gone well since opening day. In fact, as well as selling to shop customers, she has also built up the small amount of wholesale trade, where she sells imported kitchen goods to other shops.

Now that the business is well established, Olivia feels that it is time she understand financial matters rather better. She employs a book-keeper to deal with the day to day transaction and to write up the books. She has also taken on an accountant to prepare her year- end financial statement and deal with the tax calculation based on the profit she has made and also for applying bank loan for shop.

It posed the following questions:

- (a) Why people like to setup a sole trader business and also tell what are disadvantage of such type of concerns? (6 marks)
- (b) What accounts will be prepared by her Accountant and state what information will she be able to get from these accounts? (4 marks)
- (c) As a bank manager, what financial information you will like to ask for granting a shop loan to her and how you will analyze this data? (6 marks)
- (d) Can accountant help her in other business functions also? State other important functions of accountant? (4 marks)

SET II

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UNIVERSITY OF PETROLEUM AND ENERGY STUDIES

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SECTION A

Q 1. Fill in the Blank: (5 marks)

- A. Cash is a _____ asset (Fixed / Current).
- B. Transaction between owner and business are recorded due to _____ concept (Going concern/ Business Entity).
- C. Receiver account is _____ (debited / credited).
- D. A trial balance is _____ (a Statement / a Summary).
- E. In journal proper only _____ discount is recorded (Cash / Trade).

Q 2. State True or False: (5 marks)

- (a) Petty cash book is called as subsidiary book and ledger account
- (b) Discount allowed is a loss.
- (c) Real account says debit the receiver credit the giver.
- (d) Outstanding salary is a assets.
- (e) Every transaction has minimum two accounts.

SECTION B

Q.3 Explain the following:- (4 marks)

(a) Cash Flow Statements. (b) Indian GAAP

Q.4 (A) Difference between Straight line method and written down method? (4 marks)

Q.4 (B) What are the advantages of setting Accounting Standards? (4 marks)

Q.5 Prepare the **Common-size Balance Sheet** of IFM limited. (8 marks)

Liabilities	2017	Assets	2017
Equity Capital	4,00,000/-	Fixed Assets	7,00,000/-
Debentures	4,50,000/-	Investments	1,00,000/-
Tax Payable	1.60,000/-	Debtors	90,000/-
Creditors	1,20,000/-	Stock	2,00,000/-
Interest Payable	40,000	Bills Receivable	1,00,000/-
Bills Payable	30,000	Cash	10,000/-
Total	12,00,000/-		12,00,000/-

SECTION C

Q.6 On 1st January 2015 XYZ ltd. purchased a machine for Rs. 60,000. On 1st July 2016, an additional machinery costing Rs. 20,000 was purchased. On 1st July 2017 the machine purchased on 1st January, 2015 was sold for Rs. 40,000. Depreciation was provided annually on 31st December, at the rate of 10% P.a. SLM method. Prepare the machinery account for the first three calendar years. (8 marks)

Q.7 Prepare **journal entries** for the following transactions in proper format: (12 marks)

- (i) Started business with cash Rs. 2, 00,000 and furniture Rs. 1, 00,000.
- (ii) Purchased machine for Rs. 2, 00,000 by paying half cash immediately.
- (iii) Deposited cash in to bank Rs. 20,000.
- (iv) Paid rent by cheque Rs.200.
- (v) Sold goods costing Rs. 60,000 for Rs. 80,000 to Mr. A.
- (vi) Received from Mr. A(Above) Rs 79000 in full settlement.

SECTION D

Q8. The following are the summarized Balance Sheet of Triplex Industries Limited for the year ended 31st December, 1998. (15 marks)

Equity Share Capital	20,000	Land and Building	15,000
Reserves	10,000	Plant	10,000
Debenture	7,500	Stock	14,000
Bank Overdraft	2,500	Debtors	7,000
Sundry Creditors	8,000	Bills Receivable	1,000
Outstanding Expenses	2,000	Cash and Bank Balance	3,000
	50,000		50,000

Profit: 15,000, Sales: 2,00,000

Calculate the following ratios:

- (i) Debt Equity Ratio.
- (ii) Net Profit Ratio.
- (iii) Liquid Ratios.
- (iv) Current Ratios.
- (v) Fixed Assets Turnover.

Q.9 From the following balance sheets of X Ltd. as on 31st December 2016 and 2017, you are

Share Capital	1,00,000	1,00,000	Building	40,000	36,000
General Reserve	14,000	18,000	Plant	37,000	47,000
Profit & Loss A/c	16,000	23,000	Stock	30,000	23,000
Sundry Creditors	8,000	5,000	Bills Rec	15,000	13,000
Bills Payable	12,000	14,000	Debtors	18,000	19,000
			Cash at Bank	10,000	22,000
	150000	160000		150000	160000

required to prepare Cash flow Statement:

(15 marks)

The following additional information has also been given:

- (iii) Depreciation charged on Building Rs.4, 000.

- (iv) Interim dividend of Rs.8, 000 was paid during the year 2017.

Q.10 Case Study: Starting new Business

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- (e) Why people like to setup a sole trader business and also tell what are disadvantage of such type of concerns? (6 marks)
- (f) What accounts will be prepared by her Accountant and state what information will she be able to get from these accounts? (4 marks)
- (g) As a bank manager, what financial information you will like to ask for granting a shop loan to her and how you will analyze this data? (6 marks)
- (h) Can accountant help her in other business functions also? State other important functions of accountant? (4 marks)