

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

| S No | Questions: | 10Qx2M= 20 Marks | CO |
|-------------|--|-----------------------------|------------|
| Q1 | 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 | 2 | CO1 |
| Q2 | 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 | 2 | CO1 |
| Q3 | 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 | 2 | CO1 |
| Q4 | 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 | 2 | CO1 |
| Q5 | 'Debit what comes in and Credit what goes out' This accounting rules refers to – a. Personal Account b. Real Account | 2 | CO1 |

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

Section B (4Qx5M= 20 Marks)

Write short answers. Each question carries 5 marks.

| Q1 | Explain Going Concern Concept and Dual Aspect Concept. | 5 | CO2 | | | | | | | | | | | | |
|--|--|--------------------|------------|------|-------|---|-------|-----|-------|---------|-----------|--|-------|----------|------------|
| Q2 | Explain the advantages and disadvantages of calculating Accounting Ratios. | 5 | CO2 | | | | | | | | | | | | |
| Q3 | Calculate Liquidity Ratios: <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 70%;">Particulars</th> <th style="width: 30%;">Rs.</th> </tr> </thead> <tbody> <tr> <td>Cash</td> <td align="right">20000</td> </tr> <tr> <td>Short Term Investments or Marketable Securities</td> <td align="right">40000</td> </tr> <tr> <td>B/R</td> <td align="right">12000</td> </tr> <tr> <td>Debtors</td> <td align="right">Rs. 85000</td> </tr> <tr> <td><i>Less: Bad and Doubtful Debts</i> _____ (Rs. 5000)</td> <td align="right">80000</td> </tr> </tbody> </table> | Particulars | Rs. | Cash | 20000 | Short Term Investments or Marketable Securities | 40000 | B/R | 12000 | Debtors | Rs. 85000 | <i>Less: Bad and Doubtful Debts</i> _____ (Rs. 5000) | 80000 | 5 | CO3 |
| Particulars | Rs. | | | | | | | | | | | | | | |
| Cash | 20000 | | | | | | | | | | | | | | |
| Short Term Investments or Marketable Securities | 40000 | | | | | | | | | | | | | | |
| B/R | 12000 | | | | | | | | | | | | | | |
| Debtors | Rs. 85000 | | | | | | | | | | | | | | |
| <i>Less: Bad and Doubtful Debts</i> _____ (Rs. 5000) | 80000 | | | | | | | | | | | | | | |

| | | | | | | | | | | | | | | | | |
|--|--|---|---------------|------------|-----------|--------------|---------------|------------|------------------|-----------|-------|--------------|--------------|------------|----------|------------|
| | Inventory Prepaid Expenses Loose Tools Creditors Outstanding Expenses B/P- Bills Payable Income Tax Payable Bank Overdraft | 88000 10000 10000 30000 4000 16000 30000 70000 | | | | | | | | | | | | | | |
| | OR | | | | | | | | | | | | | | | |
| | 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: <ol style="list-style-type: none"> Repayment of a current liability Purchasing goods on credit Sale of an office equipment for Rs. 4000 (BV Rs. 5000) Sale of goods for Rs. 11,000 (Cost Rs. 10,000) Payment of Dividend already declared. | | | | | | | | | | | | | | | |
| Q4 | Compute the Gross Profit Ratio from the following particulars: <table style="width: 100%; border: none;"> <tbody> <tr> <td style="width: 30%;">Opening Stock</td> <td style="width: 70%;">Rs. 50,000</td> </tr> <tr> <td>Purchases</td> <td>Rs. 1,60,000</td> </tr> <tr> <td>Closing Stock</td> <td>Rs. 70,000</td> </tr> <tr> <td>Purchases Return</td> <td>Rs. 4,000</td> </tr> <tr> <td>Sales</td> <td>Rs. 2,10,000</td> </tr> <tr> <td>Sales Return</td> <td>Rs. 10,000</td> </tr> </tbody> </table> | | 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 | 5 | CO3 |
| 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 | | | | | | | | | | | | | | | |
| Section C (3Qx10M=30 Marks) | | | | | | | | | | | | | | | | |
| Each Question carries 10 marks. Show all the steps in calculating the required values until four decimal places. | | | | | | | | | | | | | | | | |
| Q1 | How profitability of company can be assessed using Ratio Analysis? | | 10 | CO3 | | | | | | | | | | | | |
| Q2 | 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 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 style="text-align: center;">OR</p> How can a company identify errors by referring to trial balance? | | 10 | CO3 | | | | | | | | | | | | |
| Q3 | How can a company identify Operating, Investing and Financing activities and prepare cash flow statement? | | 10 | CO3 | | | | | | | | | | | | |

Section D (2Qx15M= 30 Marks)

Q 1

| Debit Balances | Amount (Rs.) | Credit Balances | Amount (Rs.) |
|-------------------------|---------------------|------------------------|---------------------|
| 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 | | |
| | 4,77,300 | | 4,77,300 |

15

CO4

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

Adjustments:

1. Closing Stock as at 31st 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.

| 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.

Q 2 Following balances appear in the books of LMT Limited as on 1st 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

| 2018 | Particulars | Rs. |
|-------------|---|------------|
| 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 th 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 |

15

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 | | |