


Name: Enrolment No:	 UPES UNIVERSITY WITH A PURPOSE
UNIVERSITY OF PETROLEUM & ENERGY STUDIES <u>Slot-1 Final Examination (Online) – Dec.,2021</u>	
Program: Intg. BBA & MBA Subject/Course: Business Accounting Course Code: FINC 1021	Semester:I Max. Marks: 100 Duration: 3 Hours
IMPORTANT INSTRUCTIONS	
<ol style="list-style-type: none"> 1. <i>The student must write his/her name and enrolment no. in the space designated above.</i> 2. <i>The questions have to be answered in this MS Word document.</i> 3. <i>After attempting the questions in this document, the student has to upload this MS Word document on Blackboard.</i> 	

PART A: Each of the 10 questions is worth 2 marks each (20 marks total) (CO1)

1. If Gail uses the moving-weighted-average inventory costing method and has 14 units with an average cost of \$4.50 each, what would her unit cost be if she purchases 20 additional units for \$4.90 each?
 - a) \$4.90 per unit
 - b) \$4.70 per unit
 - c) \$4.74 per unit
 - d) \$4.66 per unit

2. In her business, June has liabilities with a book value of \$50,000 and assets with a market value of \$70,000 (asset book value is \$65,000). What should equity total on June's balance sheet?
 - a) \$15,000
 - b) \$20,000
 - c) \$115,000
 - d) \$120,000

3. On his display shelf, Gary has 12 units which were purchased from the supplier on February 11th. In the store's storage, Gary has 3 units which were purchased from the supplier on January 29th. If Gary uses the First-In, First-Out method, which units is he presumed to still have after a customer buys 5 units?
 - a) 7 units in display
 - b) 10 units in display
 - c) 7 units in display and 3 units in storage
 - d) It depends which units Gary gave to the customer

4. When obtaining a bank loan, what happens?
 - a) The Cash account is credited, thereby increasing its balance.
 - b) The Bank Loan account is credited, thereby increasing its balance.
 - c) The Bank Loan account is debited, thereby increasing its balance.
 - d) None of these are true.

5. What must be journalized in the process of completing a bank reconciliation?
 - a) The items which were missing from the company's accounting records
 - b) The items which were missing from the company's bank records
 - c) The items which appeared both on the company's bank records and book records
 - d) The items which appeared only in the company's accounting records

6. When journalizing completion of work which the customer paid in advance for, we should:
 - a) debit accounts receivable
 - b) debit cash
 - c) credit accounts receivable
 - d) debit unearned revenue

7. For a capital asset that cost \$10,000 (salvage value of \$1,000) and has an expected life of four years, the first-year depreciation under the double-declining balance method is:
 - a) \$5,000
 - b) \$4,500
 - c) \$2,500
 - d) \$2,250

8. Coco owns two businesses. He makes sure that the records are maintained separately. Coco is following the concept of:
- Recognition
 - Business Entity
 - Going Concern
 - None of these
9. If all of the interest on a 3-month loan is owed on January 15th and it is currently December 31st (company's year-end), what should we do?
- Pay all of the interest to the lender early
 - Make an adjusting entry for 5/6^{ths} of the interest amount, crediting Interest Payable
 - Make an adjusting entry for 5/6^{ths} of the interest amount, debiting Interest Payable
 - Pay 5/6^{ths} of the interest due to the lender today
10. On May 1st, Jag made a \$1,000 sale offering his customer 2/20, n40 terms. The customer is making the payment on May 19th. What should Jag do?
- Collect \$980 cash and debit the Sales Discounts account
 - Collect \$980 cash and credit the Sales Discounts account
 - Collect \$1,000 cash and debit the Sales Discounts account
 - Collect \$1,000 cash and credit the Sales Discounts account

PART B: Each of the 4 questions is worth 5 marks each (20 marks total) (CO1)

11. Nate plans to use an asset more in some years when his business is busy and less in other years when things are slow. He isn't sure if this asset will end up being a car or pick-up truck. Which depreciation method is most suitable for Nate's asset? Why?

12. A company with a traditional warranty expense rate of 4% of sales has sold \$100,000 worth of goods this month. Also this month, it spent \$5,000 on warranty repairs. Discuss how the company would debit and/or credit its Estimated Warranty Liability account this month.

13. Discuss the difference between a premium and discount on a bond sale. As a bond seller, which is preferable to you? Why?
14. Consider the interest on an 8-month, 6% \$1,000 note that was issued on August 1st, 2021. What would happen with the Interest Expense and Interest Payable accounts (state amounts of debit or credit) on:
- a) December 31st, 2021 (company year-end):
 - b) April 1st, 2022 (bond maturity):

PART C: Each of the 3 questions is worth 10 marks each (30 marks total) (CO2)

15. On December 2nd, Kiera purchased land with a small shack on it for \$200,000 cash. She intends to demolish the shack and use the land for a new building. An appraiser estimates that the market value of the shack is \$15,000 while the land is worth \$135,000. What should be Kiera's journal entry for this purchase?
16. Discuss the difference between a cash dividend and share dividend. What is the impact of each on the Retained Earnings account? Why might a company prefer a share dividend?
17. On January 1st, Jerry is selling a bond with a principal value of \$20,000 for \$20,220. Discuss what will happen with Jerry's Premium on Bonds Payable account this year accounts (state amounts of debit or credit)? What is implied about the bond's coupon rate compared to the market interest rate?

PART D: Each of the 2 questions is worth 15 marks each (30 marks total) (CO3)

18. Ophelia uses the First-in, First Out method and sells her products for \$20 each. Assume all the units bought before April 19th were purchased for \$4 each and all the ones after were purchased for \$4.50 each. Taking the following table into account, calculate her total gross margin for the week.

Date	Units Purchased	Units Sold	Units on Hand
April 16			7
April 17	3		
April 18		4	
April 19		2	
April 20	6		
April 21		3	
April 22		4	

19. Matt is completing a bank reconciliation for the month of May. Assuming he has kept his books up to date with prompt journal entries (unless otherwise stated), discuss what Matt should do for each of the five items listed below (ex. Add \$200 to the book balance and make a journal entry).
- Matt wrote checks of \$30, \$40, \$55, and \$70 in May. He sees the \$40 and \$55 amounts on the bank statement.
 - Matt sees an e-receipt of \$100 on his bank statement- he didn't know about this during the month.
 - Matt notices a \$300 cheque from a customer bounced and a \$15 NSF fee was charge- he didn't know about this until now.
 - Matt deposited \$80 cash in an envelope in the bank mail slot on the last day of the month. He doesn't see this deposit on the bank statement.
 - Matt sees an e-withdrawal of \$20 on his bank statement- he didn't know about this phone bill before.