



UNIVERSITY WITH A PURPOSE

UNIVERSITY OF PETROLEUM AND ENERGY STUDIES
End Semester Examination, December 2021

Course: BUSINESS ACCOUNTING
Program: BBA LLB
Course code: FINC1001
Instructions: Attempt all questions

Semester: 3RD
Time: 03 Hours
Max. Marks: 100

SECTION A (20 Marks)
Multiple choice questions

		Marks	CO
Q.1.	<p>1. ___ States that “anticipate no profits but provide for all possible losses”.</p> <p>a. The Realization concept b. Concept of prudence c. Both a & b d. The Accrual concept</p> <p>2. The suffix “c/d” denotes</p> <p>a. Carried down b. Count down c. Credit or debit d. None of the above</p> <p>3. ___ is not a part of books of account.</p> <p>a. Trial balance b. P & L A/c c. Trading A/c d. Balance sheet</p> <p>4. Trading account shows</p> <p>a. Gross profit b. Net profit c. Notional profit d. Both a & b</p> <p>5. ___ shows the position of Assets and Liabilities of a business entity as on a particular date.</p> <p>a. P & L A/c b. P & L appropriation A/c c. Balance sheet d. Suspense Account</p>	2 X 5 = 10	CO1

SECTION B (20 Marks)

Q.2.	Identify the users of financial ratios.	5	CO2
Q.3.	Current ratio = 4.5, quick ratio = 3, inventory = Rs 36,000. Calculate current assets and current liabilities.	5	CO2
Q.4.	The debt equity ratio is 0.5. Will purchase of goods on credit change the ratio?	5	CO3
Q.5.	Distinguish between provision and reserves.	5	CO3

Net Purchases	Rs 6,00,000
Direct expenses	Rs 60,000
Administration expenses	Rs 45,000
S&D expenses	Rs 65,000
Loss due to fire	Rs 20,000
Closing Stock	Rs 70,000

B) You have been hired as an analyst for Axis Bank and your team is working on an independent assessment of DDF Corp. The firm specializes in the production of freshly imported farm products from Uttarakhand. Your assistant has provided you with the following data for the company and their industry.

Ratio	1999	1998	1997	1999- Industry Average
Long-term debt	0.45	0.40	0.35	0.35
Inventory Turnover	62.65	42.42	32.25	53.25
Depreciation/Total Assets	0.25	0.014	0.018	0.015
Days' sales in receivables	113	98	94	130.25
Debt to Equity	0.75	0.85	0.90	0.88
Profit Margin	0.082	0.07	0.06	0.075
Total Asset Turnover	0.54	0.65	0.70	0.40
Quick Ratio	1.028	1.03	1.029	1.031
Current Ratio	1.33	1.21	1.15	1.25
Times Interest Earned	0.9	4.375	4.45	4.65
Equity Multiplier	1.75	1.85	1.90	1.88

What can you say about the firm's asset management? Be as complete as possible given the above information, but do not use any irrelevant information.