



Name:

Enrolment No:

UNIVERSITY OF PETROLEUM AND ENERGY STUDIES

End Semester Examination, December 2022

Course: Accounting for Managers

Semester: I

Program: MBA ALL /MBA OG/PM/LSCM/AVM/IB/BA/Specialization

HR/Marketing/Finance/Operations/MBA DB/MBA Global/MBA Strategy and Consulting

Time : 03 hrs.

Course Code: FINC 7010

Max. Marks: 100

Instructions:

**SECTION A
10Qx2M=20Marks**

S. No.		Marks	CO
	Statement of question		
Q 1	Mr. Rohan owner of Presidency Electricals Ltd. owns a personal car costing Rs. 10 lakh (Market Value Rs. 15 Lakh). During the preparation of Financial Statement for the business, the entire value of the Car was ignored and was not shown in the Financial Statements. The principle followed by him was a. Duality Principle b. Realization Principle c. Business Entity Concept d. Verifiable Evidence Concept	2	CO1
Q 2	Gross Profit ratio is 20% on sales. Total gross profit is Rs. 1,00,000. Cash sales- Rs. 1,20,000. Average Debtors – Rs. 95,000. Debtors turnover ratio will be a. 3 times b. 4 times c. 5 times d. 2 times	2	CO1
Q 3	The accounting process of gradually converting the unexpired cost of fixed assets into expenses over a series of accounting periods is a. Depreciation b. Physical deterioration of the asset c. Decrease in market value of the asset d. Valuation of an asset at a point of time	2	CO1

	Differentiate the Following		
Q 4	Current Ratio and Quick Ratio	2	CO1
Q 5	Debtor Turnover Ratio and Creditor Turnover Ratio	2	CO1
	Fill in the Blanks		
Q 6	Inventory Turnover Ratio is defined as.....	2	CO1
Q 7	Examples of Office and Administrative Expenses are.....	2	CO1
Q 8	Current Assets are defined as.....	2	CO1
Q 9	Cash Deposited in to Bank, the Journal entry would be.....	2	CO1
Q 10	The adjustment to be made for prepaid expenses is.....	2	CO1
SECTION B			
4Qx5M= 20 Marks			
Q 11	(a) Current Liabilities of a company are Rs. 3,00,000. Current Assets are 9,00,000. Calculate Current Ratio (b) A firm has made credit purchases of Rs. 5,40,000. The amount payable to the creditors at the beginning and at the end of the year was Rs. 1,27,500 and Rs 1,42,500 respectively. Find out the creditors turnover ratio	5	CO2
Q 12	How following concepts are applicable in preparing financial records Following accounting Concepts: a. Money Measurement Concept b. Going Concern Concept c. Cost Concept	5	CO2
Q 13	How following adjustments can take place in Financial Statements? a. Bad Debts b. Provision for Bad and Doubtful Debts c. Closing Stock OR How profitability of company can be assessed using Profitability Ratios based on Investment	5	CO3

Q 14

How company can assess Cost and Profit using Cost Sheet in Unit Costing?

OR

Prepare Cost Sheet and calculate the amount of Profit:

	Rs.
Opening Stock- Raw Material	10000
Opening Stock-Finished Goods	8000
Closing Stock- Raw Material	8000
Closing Stock- Finished Goods	10000
Raw Material Purchased	100000
Wages Paid to Laborers	40000
Direct Expenses	4000
Rent- Factory	10000
Power	4800
Factory Heating	4000
Factory Insurance	2000
Research and Development Expenses	1000
Sale of Wastage of Material	400
Office Salaries	8000
Office Stationary	400
Salary of salesman	4000
Commission of Travelling Agents	2000
Sales	2,00,000

5

CO3

SECTION-C
3Qx10M=30 Marks

Q 15	<p>With the help of the following ratios regarding Tandon Films, draw the Balance sheet of the Company for the year 2022</p> <table border="1" style="width: 100%; border-collapse: collapse; margin: 10px 0;"> <tr> <td style="padding: 2px;">Current Ratio</td> <td style="padding: 2px;">2.5</td> </tr> <tr> <td style="padding: 2px;">Liquidity Ratio</td> <td style="padding: 2px;">1.5</td> </tr> <tr> <td style="padding: 2px;">Net working Capital</td> <td style="padding: 2px;">Rs. 3,00,000</td> </tr> <tr> <td style="padding: 2px;">Stock Turnover Ratio(Cost of Sales/ Closing Stock)</td> <td style="padding: 2px;">6 times</td> </tr> <tr> <td style="padding: 2px;">Gross profit ratio</td> <td style="padding: 2px;">20 %</td> </tr> <tr> <td style="padding: 2px;">Fixed Assets Turnover Ratio (on cost of sales)</td> <td style="padding: 2px;">2 times</td> </tr> <tr> <td style="padding: 2px;">Debtor Collection Period</td> <td style="padding: 2px;">2 months</td> </tr> <tr> <td style="padding: 2px;">Fixed Assets to Shareholder's Net worth</td> <td style="padding: 2px;">0.80</td> </tr> <tr> <td style="padding: 2px;">Reserves and Surplus to Capital</td> <td style="padding: 2px;">0.50 : 1</td> </tr> </table> <p style="margin-top: 10px;">You are required to complete the balance sheet of the company as on 31-03-2022</p> <p style="text-align: center; margin: 10px 0;">OR</p> <p>How do company assess Profitability based on Sales using Ratio Analysis?</p>	Current Ratio	2.5	Liquidity Ratio	1.5	Net working Capital	Rs. 3,00,000	Stock Turnover Ratio(Cost of Sales/ Closing Stock)	6 times	Gross profit ratio	20 %	Fixed Assets Turnover Ratio (on cost of sales)	2 times	Debtor Collection Period	2 months	Fixed Assets to Shareholder's Net worth	0.80	Reserves and Surplus to Capital	0.50 : 1	10	CO3
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Q 16	<p>Give the Journal Entries for the following transactions in the books of Latex Limited</p> <table border="1" style="width: 100%; border-collapse: collapse; margin: 10px 0;"> <tr> <td style="padding: 2px;">June 2022</td> <td style="padding: 2px;"></td> </tr> <tr> <td style="padding: 2px;">June 2</td> <td style="padding: 2px;">Sold Goods to Namex Ltd. of the list price for Rs. 20,000 at trade discount of 10%</td> </tr> <tr> <td style="padding: 2px;">June 4</td> <td style="padding: 2px;">Namex returned goods worth Rs. 4,000</td> </tr> <tr> <td style="padding: 2px;">June 8</td> <td style="padding: 2px;">Received from Namex Limited Rs. 14,150 in full settlement of his account</td> </tr> </table>	June 2022		June 2	Sold Goods to Namex Ltd. of the list price for Rs. 20,000 at trade discount of 10%	June 4	Namex returned goods worth Rs. 4,000	June 8	Received from Namex Limited Rs. 14,150 in full settlement of his account	10	CO4										
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	June 9	Purchased goods from BTD ltd. of the list price of Rs. 10,000 at 15% Trade Discount														
	June 10	Returned goods to BTD ltd. for Rs. 1,000														
	June 11	Paid Cash to SP Ltd Rs. 75,000 and discount received Rs. 5000														
	June 12	Charity in Goods- Rs. 8,000														
	June 14	Sold goods for cash Rs. 8,000 at 10% trade discount and 3% cash discount														
	June 15	Cheque received from customer Rs. 9,000 and deposit in the Bank on the same day														
	June 16	Cash Sales- Rs. 90,000														
	June 17	Received Commission – Rs. 7,000														
	June 18	Paid Rent- Rs. 4000, Salary- Rs. 5000														
	June 19	Cash Deposit in to Bank- Rs. 90,000														
	June 20	Interest of Rs. 16,000 is charged by Bank														
Q 17	<p>From the following balances given in the Trial Balance, find out the treatment of various items to be shown in P& L and Balance sheet.</p> <p style="text-align: center;">Rs.</p> <table border="1" style="margin-left: auto; margin-right: auto;"> <tbody> <tr> <td>Purchases</td> <td style="text-align: right;">90000</td> </tr> <tr> <td>Return Outward</td> <td style="text-align: right;">2000</td> </tr> <tr> <td>Motor Car (Dep. @15%)</td> <td style="text-align: right;">70,000</td> </tr> <tr> <td>Motor Car Expenses</td> <td style="text-align: right;">8000</td> </tr> <tr> <td>Advertisement Development</td> <td style="text-align: right;">5000</td> </tr> <tr> <td>Capital</td> <td style="text-align: right;">400000</td> </tr> </tbody> </table> <p>Adjustments:</p> <p>(i) Stock of the value of Rs. 5000 was burnt by fire and Insurance Company admitted the claim in full</p>		Purchases	90000	Return Outward	2000	Motor Car (Dep. @15%)	70,000	Motor Car Expenses	8000	Advertisement Development	5000	Capital	400000	10	CO4
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- (ii) Goods worth Rs. 3000 were given as free samples and goods worth Rs. 2000 were used by the proprietor for his personal use
- (iii) Motor Car is partly used for business and partly for personal.
- (iv) Write off Advertisement Development by 15%

OR

How company can prepare trail balance with balances of ledger. Justify with suitable example?

SECTION-D
2Qx15M= 30 Marks

Q 18

From the following Trial Balance of Sh. Rama Nand Sagar, Prepare the Trading and Profit and Loss Account for the year ended 31st March 2022 and a Balance Sheet as on that date:

Dr. Balances	Rs.	Credit Balances	Rs.
Opening Stock	20,000	Sales	2,70,000
Purchases	80,000	Purchases Return	4,000
Sales Return	6,000	Discount	5,200
Carriage Inward	3,600	Creditors	25,000
Carriage Outward	800	Bills Payable	1,800
Wages	42,000	Capital	75,000
Salaries	27,500		
Plant and Machinery	90,000		
Furniture	8,000		
Sundry Debtors	52,000		

15

CO4

	Bills Receivable	2,500					
	Cash in Hand	6,300					
	Travelling expenses	3,700					
	Factory Lighting	1,400					
	Rent	7,200					
	General Expenses	10,500					
	Insurance	1,500					
	Drawings	18,000					
		3,81,000			3,81,000		
	<p>Adjustments:</p> <ol style="list-style-type: none"> 1. Stock on 31st March 2022, was valued at Rs. 24,000 (Market Value Rs. 30,000) 2. Wages Outstanding for March 2022 amounted to Rs. 3,000 3. Salaries Outstanding for March 2022 amounted to Rs. 2,500 4. Prepaid Insurance amounted to Rs. 300 5. Depreciation on Plant and Machinery at 5% and Furniture at 20% <p style="text-align: center;">OR</p> <p>How company prepare Financial Statements and determine Net Profit or Loss</p>						
Q 19	How company assess their cash flow position using Cash Flow Statement? Justify with example					15	CO4