

Name:

Enrolment No:



**UNIVERSITY OF PETROLEUM AND ENERGY STUDIES**

**End Semester Examination, December 2018**

**Course: Port and Shipping Industry Accounting**

**Semester: 1<sup>ST</sup> Sem**

**Programme: MBA PSM**

**Time: 03 hrs.**

**Max. Marks: 100**

**Instructions:**

**SECTION A**

S. No.		Marks	CO
Q 1	Select the most appropriate answer from the following: Note – Attempt all questions carrying two marks each.	(20)	
	A) Capital is shown on the liability side because of: a) Business Entity Concept.                      c) Conservatism Concept. b) Accrual Concept.                                      d) Duality Concept.		CO1
	B) Balance sheet discloses- (a) Cash position of the business      (b) Financial position of the business (c) Income position of the business      (d) Profit-earning capacity of the business		CO2
	C) The process of recording transactions in the books of accounts is called (a) Journalizing    (b) Posting (c) Summarizing    (d) Balancing		CO1
	D) The term current assets does not include (a) Payment in advance                                      (b) Bills Receivable (c) Goodwill    (d) Cash		CO2
	E) Creditor account is a (a) Personal account    (b) Tangible real account (c) Intangible real account                                      (d) Nominal account.		CO2
	F) Provision for Doubtful debt is created because of: (a) Business Entity Concept.                                      (b) Conservatism Concept. (c) Accrual Concept.    (d) Duality Concept.		CO1
	G) General reserve is created on the basis of convention of — (a) Conservatism    (b) Uniformity (c) Materiality    (d) Full disclosure.		CO1
	H) A budget is a) An aid to management                                      b) A postmortem analysis c) A substitute of management                                      d) None of the above		CO3
	I) The primary objective of cost accounting in modern time is (a) Cost ascertainment    (b) Cost control (c) Ascertainment of profit    (d) Preparation of reports		CO3
	j) Return on Investments ratio measures of a business (a) Profitability    (b) Liquidity (c) Solvency    (d) Activity		CO2

<b>SECTION B</b>			
Q 2	Attempt any four questions:	<b>(20)</b>	
	a) Discuss the meaning and Significance of preparing Financial Statement	<b>5</b>	<b>CO1</b>
	b) Discuss the Limitations of Accounting	<b>5</b>	<b>CO3</b>
	c) Discuss the Accounting Conventions with example.	<b>5</b>	<b>CO1</b>
	d) Distinguish between straight line and diminishing balance method of depreciation	<b>5</b>	<b>CO4</b>
	e) Discuss the relationship between Journal and Ledger.	<b>5</b>	<b>CO1</b>
<b>SECTION-C</b>			
	<b>Attempt any three questions. Each question carries 10 marks</b>	<b>30</b>	
Q 3:	<p>Journalize the following transactions, post them to the ledger and prepare trial balance as on 31<sup>st</sup> March 2015.</p> <p>The following balances appear in the books of Ashoka Mill as on March 1, 2015</p> <p><b>Assets:</b> Cash ` 1,00,000, Bank ` 50,000, Stock ` 30,000, Furniture ` 20,000, Machinery ` 50,000 and Suresh ` 40,000 <b>Liabilities:</b> Rakesh ` 40,000</p> <p>The following transactions took place in the month of March 2015</p> <p>March 1 Sold goods for cash ` 30,000</p> <p>March 3 Goods returned by Suresh ` 3,000</p> <p>March 5 Purchased goods from Mohan ` 10,000 less 10 % trade discount and 2 % cash discount and paid 60% price immediately</p> <p>March 7 Goods sold to Suresh ` 40,000</p> <p>March 10 Bought goods from Rakesh ` 5,000</p> <p>March 12 Rent paid ` 5,000</p> <p>March 15 Salary paid to Ankit ` 3,000</p> <p>March 20 Cash received from Suresh ` 78,500 in full settlement</p> <p>March 23 Goods sold to Mukesh ` 4,000</p> <p>March 27 Cash paid to Rakesh ` 43,000 in full settlement</p> <p>March 31 Mukesh becomes insolvent and only 60 paise in rupee were received</p>	<b>10</b>	<b>CO4</b>

Q4	<p>On 1<sup>st</sup> January, 2012 Krishan Ltd. purchased a machine for `2,45,000 and spent ` 5,000 on its installation. On 1<sup>st</sup> July 2012 an additional machinery costing ` 1,00,000 was purchased. On 1st July 2014 the machinery purchased on January 1<sup>st</sup>, 2012 was sold for ` 1,40,000 and on the same date a new machine was purchased at a cost of ` 2,00,000. Show machinery account for the first three accounting periods after charging depreciation at 5% under the straight line method. Assume that the books are closed on 31<sup>st</sup> December every year.</p>		10	CO2																																																
Q5	<p>‘Trial Balance is not a conclusive proof of the accuracy of the books of accounts.’ Explain this statement and explain the errors which are not disclosed in spite of the agreement of the trial balance.</p> <p style="text-align: center;">or</p> <p>“Accounting could be regarded as the language of business, but it fails to show the true value of business”. Explain this statement.</p>		10	CO1																																																
Q6	<p>MFN Ltd. started its operations in 2016 with the total production capacity of 2,00,000 units. The following information’s are made available for two years:</p> <table border="0" style="width: 100%; border-collapse: collapse;"> <tr> <td></td> <td style="text-align: center;">2016</td> <td style="text-align: center;">2017</td> </tr> <tr> <td>Sales units</td> <td style="text-align: center;">80,000</td> <td style="text-align: center;">1,20,000</td> </tr> <tr> <td>Total Cost</td> <td style="text-align: center;">` 34,40,000</td> <td style="text-align: center;">` 45,60,000</td> </tr> </table> <p>There has been no change in the cost structure and selling price. It is expected to continue in 2017 as well. The selling price is ` 40 per unit. Calculate:</p> <p>a) Break even points in units b) Profit Volume Ratio c) Fixed Cost d) Variable Cost and Margin of Safety for 2016 and 2017</p>			2016	2017	Sales units	80,000	1,20,000	Total Cost	` 34,40,000	` 45,60,000	10	CO3																																							
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Q 7:	<p>The Trial Balance of Ashok Trading Mill, in respect of the year ending 31<sup>st</sup> March 2014 given below. Prepare his Trading and Profit &amp; Loss Account for the year ended 31<sup>st</sup> March 2014 and also Balance Sheet on that date.</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 30%;">Particulars</th> <th style="width: 15%;">Amount `</th> <th style="width: 30%;">Particulars</th> <th style="width: 15%;">Amount `</th> </tr> </thead> <tbody> <tr> <td>Opening stock</td> <td style="text-align: right;">16,000</td> <td>Bank Loan</td> <td style="text-align: right;">4,400</td> </tr> <tr> <td>Buildings</td> <td style="text-align: right;">24,000</td> <td>Creditors</td> <td style="text-align: right;">11,600</td> </tr> <tr> <td>Sundry Debtors</td> <td style="text-align: right;">17,000</td> <td>Capital</td> <td style="text-align: right;">32,000</td> </tr> <tr> <td>Machinery</td> <td style="text-align: right;">10,000</td> <td>Sales</td> <td style="text-align: right;">130,000</td> </tr> <tr> <td>Drawing</td> <td style="text-align: right;">4,000</td> <td>Discount</td> <td style="text-align: right;">400</td> </tr> <tr> <td>Purchases</td> <td style="text-align: right;">90,000</td> <td>Purchase returns</td> <td style="text-align: right;">800</td> </tr> <tr> <td>Insurance &amp; Taxes</td> <td style="text-align: right;">1,500</td> <td>Commission</td> <td style="text-align: right;">750</td> </tr> <tr> <td>Trade expenses</td> <td style="text-align: right;">3,600</td> <td>Provision for bad debts</td> <td style="text-align: right;">400</td> </tr> <tr> <td>Sales returns</td> <td style="text-align: right;">600</td> <td>Bills Payable</td> <td style="text-align: right;">2000</td> </tr> <tr> <td>Salaries</td> <td style="text-align: right;">8,200</td> <td></td> <td></td> </tr> <tr> <td>Freight on purchases</td> <td style="text-align: right;">1,250</td> <td></td> <td></td> </tr> </tbody> </table>		Particulars	Amount `	Particulars	Amount `	Opening stock	16,000	Bank Loan	4,400	Buildings	24,000	Creditors	11,600	Sundry Debtors	17,000	Capital	32,000	Machinery	10,000	Sales	130,000	Drawing	4,000	Discount	400	Purchases	90,000	Purchase returns	800	Insurance & Taxes	1,500	Commission	750	Trade expenses	3,600	Provision for bad debts	400	Sales returns	600	Bills Payable	2000	Salaries	8,200			Freight on purchases	1,250			20	CO2
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	<p>The following adjustments are necessary.</p> <p>i) Closing Stock on 31st March 2014 was ` 12,000.</p> <p>ii) Interest @5% p.a. was to be allowed on capital.</p> <p>iii) ` 800 are outstanding for salaries.</p> <p>iv) Insurance prepaid ` 500.</p> <p>v) Depreciation is to be written off on the building at 2% and on machinery at 10%</p> <p>vi) Provision to be made on debtors at 5% for bad debts.</p> <p>vii) Commission earned but not yet received ` 200</p>																																			
Q8	<p>The cost details were extracted from the books of AB ltd. for the month of Jan 2014</p> <table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 80%;"></th> <th style="text-align: right;">Amount</th> </tr> <tr> <th></th> <th style="text-align: right;">( )</th> </tr> </thead> <tbody> <tr> <td>Stock of Raw material as on 1.1.2014</td> <td style="text-align: right;">1,000</td> </tr> <tr> <td>Stock of Raw material as on 31.12.2014</td> <td style="text-align: right;">800</td> </tr> <tr> <td>Material purchased</td> <td style="text-align: right;">2,500</td> </tr> <tr> <td>Direct expenses</td> <td style="text-align: right;">800</td> </tr> <tr> <td>Direct wages</td> <td style="text-align: right;">1,700</td> </tr> <tr> <td>Stock of Work in Progress as on 1.1.2014</td> <td style="text-align: right;">300</td> </tr> <tr> <td>Stock of Work in Progress as on 31.12.2014</td> <td style="text-align: right;">500</td> </tr> <tr> <td>Factory expenses</td> <td style="text-align: right;">700</td> </tr> <tr> <td>Office &amp; Administrative overheads</td> <td style="text-align: right;">600</td> </tr> <tr> <td>Stock of Finished goods as on 1.1.2014</td> <td style="text-align: right;">500</td> </tr> <tr> <td>Stock of Finished goods as on 31.12.2014</td> <td style="text-align: right;">400</td> </tr> <tr> <td>Selling &amp; Distribution expenses</td> <td style="text-align: right;">450</td> </tr> </tbody> </table> <p>Charge Profit @ 20% on cost of sales. Prepare a cost sheet for the above period.</p>							Amount		( )	Stock of Raw material as on 1.1.2014	1,000	Stock of Raw material as on 31.12.2014	800	Material purchased	2,500	Direct expenses	800	Direct wages	1,700	Stock of Work in Progress as on 1.1.2014	300	Stock of Work in Progress as on 31.12.2014	500	Factory expenses	700	Office & Administrative overheads	600	Stock of Finished goods as on 1.1.2014	500	Stock of Finished goods as on 31.12.2014	400	Selling & Distribution expenses	450	<b>10</b>	<b>C03</b>
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