

Name:	 UPES UNIVERSITY WITH A PURPOSE
Enrolment No:	

UNIVERSITY OF PETROLEUM AND ENERGY STUDIES
End Semester Examination, December 2019

Course: Business Accounting	Semester: 1st Semester
Program: BBA Aviation Management	Time: 03 Hours
Course code: FINC 1001	Max. Marks: 100
Instructions:	

SECTION A (20 Marks)

Q1	Sales made to Mahesh for cash should be debited to: (a) Cash account (b) Mahesh (c) Sales account (d) None of these	2 marks	CO1
Q2	The amount brought in by the proprietor should be credited to (a) Cash account (b) Capital account (c) Drawing account (d) None of these	2 marks	CO2
Q3	Salaries and wages appearing in trial balance should be taken to (a) Trading a/c (b) P & L A/c (c) Balance sheet (Asset Side) (d) Balance sheet (Liabilities Side)	2 marks	CO2
Q4	Double entry system of accounting means-- (a) Entry in two sets of books (b) Entry at two books (c) Entry for two aspects of the transactions (d) Entry by two persons	2 marks	CO1
Q5	Creditor account is a (a) Personal account (b) Tangible real account (c) Intangible real account (d) Nominal account.	2 marks	CO3
Q6	Stock is generally valued at (a) Cost price (b) Market price (c) Cost or Market price, whichever is higher (d) Cost or Market price whichever is lower	2 marks	CO2
Q7	Income tax paid by a sole proprietor on his business income should be (a) Debited to trading account (b) Debited to Profit & Loss account (c) Deducted from Capital account in Balance sheet (d) None of these	2 marks	CO1
Q8	Outstanding Salaries are shown in (a) An expense (b) A Liability (c) An Asset (d) None of these	2 marks	CO2
Q9	The convention of conservatism is applicable (a) In providing for discount on creditors (b) In making Provision for Bad debt (c) Providing for Depreciation (d) None of these	2 marks	CO1
Q10	Which one of the following accounting concepts treats owner of the business as a creditor of the business-- (a) Going concern concept (b) Historical cost concept (c) Business entity concept (d) Realization concept.	2 marks	CO3

SECTION B (20 Marks)			
Attempt any four questions			
Q1	Discuss the advantages and limitations of Ratio Analysis	5 marks	CO2
Q2	Explain the relationship between Income statement and Balance Sheet	5 marks	CO2
Q3	Discuss different types of ratios and its importance in decision making in an organization.	5 marks	CO3
Q4	Explain any three accounting conventions with examples.	5 marks	C01
Q5	Examine the importance and limitations of Trial Balance	5 marks	CO2
SECTION-C (30 Marks)			
Attempt any three questions			
Q1	Journalize the following transactions; prepare Ledger and Trial Balance (a) Mr. X started business with a capital of Rs 5,00,000 (b) He opened a bank account and deposited Rs 1,00,000 (c) Purchased goods from Rakesh Rs 25,000 (d) Sold to Mr. Ram for Rs 5,000 (e) Paid wages Rs 500 (f) Purchased goods from Mr. Ramesh for Rs 10,000 (g) Received a cheque for Rs 2,000 from Mr. Ram and deposited into the bank (h) Sent a cheque to Mr. Ramesh for Rs 5,000. (i) Cash sales Rs 10,000 (j) Cash Rs 2000 and goods worth Rs 1000 withdrawn by the owner for personal use (k) Goods worth Rs 2,500 distributed as a free sample.	10 marks	CO2
Q2	“With the rapidly changing business environment the role of accounting has undergone a tremendous change”. Explain. Or “Depreciation is a permanent and continuous decline in the quality or value of an asset”. Explain.	10 marks	CO1
Q3	A Manufacturing concern, whose books are closed on 31st December, Purchased machinery for Rs 25,000 on 1st January 2016. Additional machinery was acquired for Rs 10,000 on 1st July 2017 and for Rs 20,000 on 1st January 2018. Certain machinery purchased for Rs 12,000 on 1st January 2006 was sold for Rs 8,000 on 30th June 2018. Show the machinery Account for three years writing off Depreciation at 12% p.a. on written down value.	10 marks	CO3

Q4	From the given Profit & Loss Account and Balance sheet of XYZ Ltd. Calculate: i) Gross Profit ratio ii) Current ratio iii) Debt Equity ratio iv) Inventory Turnover ratio v) Liquid Ratio vi) Debtors Turnover ratio			
	Profit & Loss A/c for the year ended 31 st March 2013			
	Particulars	Amount	Particulars	Amount
	To Opening Stock	1,50,000	By Sales	10,00,000
	To Purchases	3,00,000	By Closing Stock	2,50,000
	To Direct wages	2,00,000		
	To Gross Profit	5,00,000		
		12,50,000		12,50,000
	To Administrative expenses	50,000	By Gross Profit	5,00,000
	To Selling & Distribution expenses	50,000	By Profit on Sale of Investment	50,000
	To Loss on sale of Fixed assets	55,000		
	To Interest on Debentures	10,000		
	To Net Profit	3,85,000		
	300000		3,00,000	
Balance Sheet as on 31 st March 2013				
Liabilities	Amount	Assets	Amount	
Equity Share Capital	100000	Land & Building	250000	
Preference Share Capital	100000	Stock	250000	
Reserves	100000	Debtors	100000	
5% Debentures	200000	Cash at Bank	50000	
Creditors	100000			
Bills Payable	50000			
	650000		650000	

**10
marks**

CO3

SECTION-D (30 Marks)

	Attempt both questions					
Q1	From the following Balance Sheets of M/s Laxmi Ltd prepare the Cash Flow statement for the year ended 31 st March 2008. (15 marks)					
	Liabilities	31.3.2008	31.3.2007	Assets	31.3.2008	31.3.2007
	Equity Share Capital	1,80,000	1,55,000	Fixed Assets	1,80,000	1,82,000
	12% Preference Share Capital	20,000	25,000	Less: Depreciation	30,000	22,000
	General Reserve	4,000	4,000		1,50,000	1,60,000
	Profit & Loss Account	2,400	2,000	Debtors	48,000	40,000
	10% Debentures	14,000	12,000	Stock	70,000	60,000
Creditors	22,000	24,000	Prepaid expenses	1,000	600	

**15
marks**

CO3

Provision for tax	8,400	6,000	Cash in Hand	7,000	2,400
Proposed Dividend	11,600	10,000			
Bank overdraft	13,600	25,000			
	2,76,000	2,63,000		2,76,000	2,63,000

Additional Information:

- i) Fixed asset sold for Rs 10,000 their cost Rs 20,000 and accumulated depreciation till date of sale of them Rs 6,000
- ii) Interim dividend during the year Rs 9,000
- iii) Tax paid Rs 7,000

Q2 The Trial Balance of Shri Shashank, in respect of the year ending 31st March 2009 given below. Prepare his Trading and Profit & Loss Account for the year ended 31st March 2016 and also his Balance Sheet on that date.

Particulars	Amount Rs	Particulars	Amount Rs
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		
Bad debts	300		
Bills Receivable	4,500		
Cash in hand	1,400		
Total	182,350		182,350

The following adjustments are necessary.

- i) Closing Stock on 31st March 2016 was Rs 12,000.
- ii) Interest @5% p.a. was to be allowed on capital.
- iii) Rs 800 are outstanding for salaries.
- iv) Insurance prepaid Rs 500.
- v) Depreciate Building @10% and Machinery @5%
- vi) Write off Bad debt Rs 1000 and Create Provision for Doubtful debt at 5%
- vii) Goods worth Rs 500 distributed as free sample and Rs 1000 withdrawn for personal use

**15
marks**

CO3