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| Name:         |  |
| Enrolment No: |  |

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

|   |                        |
|---|------------------------|
| <b>Course: BBA FAS</b>                            | <b>Semester: I</b>     |
| <b>Programme: Business Accounting</b>             | <b>S.Code:FINC1001</b> |
| <b>Time: 03 hrs.</b>                              | <b>Max. Marks: 100</b> |
| <b>Instructions: ALL QUESTIONS ARE COMPULSORY</b> |                        |

**SECTION A (20 Marks)**

| S. No. | Multiple Choice Questions  | Marks | CO |
|--------|--|-------|----|
| Q 1    | Any written evidence in a support of the business transaction is called<br>a) Journal<br>b) Ledger<br>c) Ledger posting<br>d) Voucher  | 2     | 1  |
| Q 2    | The account that records expenses, gains and losses is<br>a) Personal account<br>b) Real account<br>c) Nominal account<br>d) None of the above   | 2     | 2  |
| Q 3    | Balance Sheet is a statement of<br>a) Assets<br>b) Liabilities<br>c) Capital<br>d) All of the above  | 2     | 1  |
| Q 4    | The following is a statement of revenues and expenses for a specific period of time<br>a) Trading account<br>b) Trial Balance<br>c) Profit & Loss statement<br>d) Balance Sheet  | 2     | 1  |
| Q 5    | Liquid or Quick assets=<br>a) Current assets – (Stock + Work in progress)<br>b) Current assets + Stock + Work in progress<br>c) (Current assets + Stock) + Work in progress)<br>d) (Current assets + Work in progress) – (Stock) | 2     | 2  |
| Q 6    | Return on Investment Ratio (ROI)=<br>a) (Gross profit/Net Sales)*100<br>b) (Gross profit*Sales/Fixed assets)*100<br>c) (Net profit/Sales)*100<br>d) (Net profit/Total assets)*100  | 2     | 2  |
| Q 7    | The accounting process involves recording  | 2     | 3  |

|      |  |   |   |
|------|--|---|---|
|      | a) Quantifiable economic event<br>b) Non Quantifiable economic event<br>c) All of them<br>d) None of them                    |   |   |
| Q 8  | In accounting, an economic event is referred to as<br>a) Cash<br>b) Bank Statement<br>c) Transaction<br>d) Exchange of money | 2 | 3 |
| Q 9  | Liabilities are which of the following?<br>a) Resources<br>b) Obligations<br>c) Future benefits<br>d) Expenses               | 2 | 3 |
| Q 10 | Identify the asset from the following<br>a) Cash or cash equivalent<br>b) Creditors<br>c) Notes payable<br>d) Bank Loan      | 2 | 3 |

**SECTION B (20 Marks)**

|    |  |   |   |
|----|--|---|---|
| Q1 | Why cash flow is important for the business. Explain.  | 4 | 2 |
| Q2 | Identify difference between operating activities, financing activities and investing activities. | 6 | 2 |
| Q3 | Explain current ratio, net Margin ratio, Debt-equity ratio and receivable Turnover Ratio.        | 4 | 2 |
| Q4 | How accounting cycle is significant in the accounting. Explain.                                  | 6 | 2 |

**SECTION-C (30 Marks)**

| Q 1                   | <b>From the following balances of Siya Ram Saree Bhandar, prepare a Balance sheet as at 31<sup>st</sup> March 2017.</b>   |             |     |     |                     |          |  |                   |          |  |           |          |  |              |  |        |                |  |          |                       |          |          |    |   |
|-----------------------|---|-------------|-----|-----|---------------------|----------|--|-------------------|----------|--|-----------|----------|--|--------------|--|--------|----------------|--|----------|-----------------------|----------|----------|----|---|
|                       | <table border="1"> <thead> <tr> <th>Particulars</th> <th>Dr.</th> <th>Cr.</th> </tr> </thead> <tbody> <tr> <td>Plant and Machinery</td> <td>8,00,000</td> <td></td> </tr> <tr> <td>Land and Building</td> <td>6,00,000</td> <td></td> </tr> <tr> <td>Furniture</td> <td>1,50,000</td> <td></td> </tr> <tr> <td>Cash in hand</td> <td></td> <td>20,000</td> </tr> <tr> <td>Bank overdraft</td> <td></td> <td>1,80,000</td> </tr> <tr> <td>debtors and Creditors</td> <td>3,20,000</td> <td>2,40,000</td> </tr> </tbody> </table> | Particulars | Dr. | Cr. | Plant and Machinery | 8,00,000 |  | Land and Building | 6,00,000 |  | Furniture | 1,50,000 |  | Cash in hand |  | 20,000 | Bank overdraft |  | 1,80,000 | debtors and Creditors | 3,20,000 | 2,40,000 | 10 | 3 |
| Particulars           | Dr.   | Cr.         |     |     |                     |          |  |                   |          |  |           |          |  |              |  |        |                |  |          |                       |          |          |    |   |
| Plant and Machinery   | 8,00,000  |             |     |     |                     |          |  |                   |          |  |           |          |  |              |  |        |                |  |          |                       |          |          |    |   |
| Land and Building     | 6,00,000  |             |     |     |                     |          |  |                   |          |  |           |          |  |              |  |        |                |  |          |                       |          |          |    |   |
| Furniture             | 1,50,000  |             |     |     |                     |          |  |                   |          |  |           |          |  |              |  |        |                |  |          |                       |          |          |    |   |
| Cash in hand          |   | 20,000      |     |     |                     |          |  |                   |          |  |           |          |  |              |  |        |                |  |          |                       |          |          |    |   |
| Bank overdraft        |   | 1,80,000    |     |     |                     |          |  |                   |          |  |           |          |  |              |  |        |                |  |          |                       |          |          |    |   |
| debtors and Creditors | 3,20,000  | 2,40,000    |     |     |                     |          |  |                   |          |  |           |          |  |              |  |        |                |  |          |                       |          |          |    |   |

|    |  |                  |                  |           |          |
|----|--|------------------|------------------|-----------|----------|
|    | Bills Receivable and Bills Payable   | 1,00,000         | 60,000           |           |          |
|    | Closing Stock  | 4,00,000         |                  |           |          |
|    | Investments(Short- term)   | 80,000           |                  |           |          |
|    | Capital  |                  | 15,00,000        |           |          |
|    | Drawings   | 1,30,000         |                  |           |          |
|    | Net Profit   |                  | 6,20,000         |           |          |
|    |  | <b>26,00,000</b> | <b>26,00,000</b> |           |          |
| Q2 | <p>Zing Limited has current assets of Rs. 4,650,000 and current liabilities of Rs. 1,850,000. The current assets include inventories amount of Rs. 1,100,000.</p> <p>a) Calculate the current ratio and liquid ratio for the company.</p> <p>b) What will be the impact of the following transactions on the current ratio:</p> <p>i) Goods costing Rs. 800,000 are purchased on credit.</p> <p>ii) Machine purchased for Rs. 1,000,000 and is paid for in cash.</p> <p>iii) Cash collected from sundry debtors Rs. 500,000.</p> <p>iv) Goods are sold for cash for Rs. 750,000.</p> |                  |                  | <b>10</b> | <b>2</b> |

|   |   |                          |                      |                          |    |   |
|---|---|--------------------------|----------------------|--------------------------|----|---|
| Q3  | Complete the following balance sheet and profit and loss account based on the information given as follows: |                          |                      |                          | 10 | 2 |
|   | Liabilities   | Amount (Rs. In thousand) | Assets               | Amount (Rs. In thousand) |    |   |
|   | Current liabilities   |                          | Cash                 |                          |    |   |
|   | Long-term debts   |                          | Inventory            |                          |    |   |
|   | Equity capital  | 60,000                   | Trade receivables    |                          |    |   |
|   |   |                          | Total current assets |                          |    |   |
|   | Reserve and surplus   |                          |                      |                          |    |   |
|   | Shareholders' funds   | 100,000                  | Fixed assets         |                          |    |   |
|   | Total   |                          | Total                |                          |    |   |
|   | <b>Profit and Loss Account</b>  |                          |                      |                          |    |   |
| Particulars                               | Amount (Rs. In thousands)   |                          |                      |                          |    |   |
| Sales                                     | 100,000   |                          |                      |                          |    |   |
| Less: Cost of goods sold                  |   |                          |                      |                          |    |   |
| Gross profit                              |   |                          |                      |                          |    |   |
| Less: Selling and administrative expenses |   |                          |                      |                          |    |   |
| Net profit                                |   |                          |                      |                          |    |   |
| Current Ratio                             | 1.40 times  |                          |                      |                          |    |   |
| Debt-Equity Ratio                         | 0.55 times  |                          |                      |                          |    |   |
| Total Assets Turnover Ratio               | 0.5 times   |                          |                      |                          |    |   |
| Inventory Turnover Ratio                  | 7.5 times   |                          |                      |                          |    |   |
| Receivables Turnover Ratio                | 5 times   |                          |                      |                          |    |   |
| Gross Margin Ratio                        | 25%   |                          |                      |                          |    |   |
| Net Margin Ratio                          | 10%   |                          |                      |                          |    |   |

**SECTION-D (30 Marks)**

|    |  |  |      |  |    |   |      |
|----|--|--|------|--|----|---|------|
| Q1 | On the basis of the profit and loss statement for the year ended 31 <sup>st</sup> March 2011, balance sheets as on 31 <sup>st</sup> March 2011 and 2010, respectively, and the additional information, prepare the cash flow statement for the year 2010-11. |  |      |  | 30 | 3 |      |
|    | <b>Balance Sheet as on 31<sup>st</sup> March</b>   |  |      |  |    |   |      |
|    | Particulars  |  | 2011 |  |    |   | 2010 |
|    | Equity and liabilities   |  |      |  |    |   |      |
|    | Shareholders' funds  |  |      |  |    |   |      |

|                         |         |         |        |         |
|-------------------------|---------|---------|--------|---------|
| Share capital           | 75,000  |         | 62,500 |         |
| Reserves                | 170,500 |         | 69,000 |         |
|                         |         | 245,500 |        | 131,500 |
| Long-term debt          |         | 55,500  |        | 52,000  |
| Current liabilities     |         |         |        |         |
| Trade payables          | 7500    |         | 94,500 |         |
| Interest outstanding    | 11,500  |         | 5000   |         |
| Income taxes payable    | 20,000  | 39,000  | 50,000 | 149,500 |
| <b>Total</b>            |         | 340,000 |        | 333000  |
| <b>Assets</b>           |         |         |        |         |
| Non-current assets      |         |         |        |         |
| Fixed assets            |         |         |        |         |
| Gross block             | 109,000 |         | 95,500 |         |
| Less: Acc. depreciation | 74,000  |         | 53,000 |         |
| Net block               |         | 35,000  |        | 42,500  |
| Long term investments   |         | 125,000 |        | 125,000 |
| Current assets          |         |         |        |         |
| Short term-investments  | 35,000  |         | 6750   |         |
| Cash in hand            | 10,000  |         | 1250   |         |
| Trade receivables       | 105,000 |         | 75,000 |         |
| Less: Provision         | 20,000  |         | 15,000 |         |
| Interest receivables    | 5000    |         | 0      |         |
| Inventories             | 45,000  | 180,000 | 97,500 | 165,500 |
| <b>Total</b>            |         | 340,000 |        | 333,000 |

**Profit and loss statement for the period ended 31<sup>st</sup> March 2011**

|  |          |
|--|----------|
| Sales                                      | 1532,500 |
| Interest income                            | 15,000   |
| Dividend income                            | 10,000   |
|  | 1557,500 |
| Cost of goods sold                         | 1295,000 |
| Depreciation                               | 22,500   |
| Provision for doubtful debts               | 5000     |
| Administration and selling expenses        | 45,500   |
| Loss on sale of asset                      | 2000     |
| Interest expense                           | 20,000   |
|  | 1390,000 |
| Profit before tax and extra-ordinary items | 167,500  |

|  |         |  |  |
|--|---------|--|--|
| Insurance receipts (Extra ordinary)  | 9000    |  |  |
| Provision for income tax   | 15,000  |  |  |
| Profit after tax   | 161,500 |  |  |
| <p>Additional Information:</p> <ul style="list-style-type: none"> <li>a) Dividend paid during the year amounted to Rs. 60,000.</li> <li>b) Fresh loans taken during the year Rs. 12,500.</li> <li>c) During the year a machine with an original cost of Rs. 4,000 and accumulated depreciation of Rs. 1,500 was sold for Rs. 500.</li> </ul> |         |  |  |