Name: **Enrolment No:**	

UPES

End Semester Examination, DEC 2024

Course: Business Accounting — **Semester: 1**
Program: BBA ALL — **Time : 03 hrs.**
Course Code: FINC1001 — **Max. Marks: 100**

Instructions:

1. **All the questions are compulsory to attend.**

SECTION A
10Qx2M=20Marks

S. No.		Marks	CO
Q 1	Select the correct options for the given questions. (All the questions are mandatory)		
a	**Under the indirect method, net cash flows from operating activities are calculated by adjusting net profit for:** A. Only cash revenues and expenses. B. Non-cash and non-operating items. C. Cash flows from investing activities. D. Changes in fixed assets.	2	CO1
b	**A company has fixed costs of ₹10,000, variable costs per unit of ₹5, and sells the product at ₹15 per unit. How many units are required to break even?** A. 500 B. 1,000 C. 1,500 D. 2,000	2	CO1
c	**Which of the following is NOT included in a cost sheet?** A. Prime Cost B. Factory Overheads C. Selling and Distribution Overheads D. Non-operating income	2	CO1

d	**Which of the following is included in the financing activities section of a cash flow statement?** A. Payment of dividends B. Cash received from customers C. Purchase of fixed assets D. Payment of operating expenses	**2**	**CO1**
e	**According to the "Accounting Period" concept:** A. A business should last for a single accounting cycle. B. Financial statements must cover a fixed period. C. Adjustments are unnecessary within the accounting period. D. Transactions are recorded based on long-term considerations only.	**2**	**CO1**
f	**The Break-Even Point (BEP) is calculated as:** A. Fixed Costs / Contribution per Unit B. Variable Costs / Contribution per Unit C. (Fixed Costs + Variable Costs) / Contribution per Unit D. Total Costs / Sales	**2**	**CO1**
g	**Which of the following activities results in a cash outflow?** A. Depreciation expense B. Issuance of bonds C. Purchase of inventory D. Collection of dividends from investments	**2**	**CO1**
h	**If liabilities increase by ₹5,000 and owner's equity remains unchanged, then assets must:** A. Increase by ₹5,000 B. Decrease by ₹5,000 C. Remain unchanged D. Decrease by ₹2,500	**2**	**CO1**

i	**The convention of "Prudence" advises businesses to:** A. Anticipate future gains and record them in advance. B. Avoid recognizing liabilities until they materialize. C. Record expenses as soon as they are anticipated. D. Recognize future losses and uncertain liabilities.	**2**	**CO1**
j	**Which of the following is NOT a type of budget?** A. Sales Budget B. Production Budget C. Balance Sheet Budget D. Cash Budget	**2**	**CO1**
SECTION B **4Qx5M= 20 Marks**			
	Statement of question		
Q2	Why is accounting considered the "language of business"?	**5**	**CO2**
Q3	List the three major activities of cash flow statement.	**5**	**CO2**
Q4	How is Return on Equity (ROE) calculated, and why is it important?	**5**	**CO2**
Q5	Explain the revenue recognition and matching concept with example.	**5**	**CO2**
SECTION-C **3Qx10M=30 Marks**			
	Statement of question		
Q6	The following is the Trading and Profit and Loss Account and the Balance Sheet of Bharat Company Limited for the year ending 31st March, 2021: **TRADING AND PROFIT AND LOSS ACCOUNT (for the year ended 31st March, 2021)**	**10**	**CO3**

Dr.	Rs.	Cr.	Rs.
To Opening Stock	61,000	By Sales	4,00,400
To Purchases	2,52,200	By Closing Stock	78,400
To Carriage Inward	1,600		
To Wages	4,000		
To Gross Profit c/d	1,60,000		
Total	**4,78,800**	**Total**	**4,78,800**

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<tr><td>To Administrative Expenses</td><td>80,800</td><td>By Gross Profit b/d</td><td>1,60,000</td></tr>
<tr><td>To Selling and Distribution Expenses</td><td>9,600</td><td>By Non-Operating Income</td><td>4,800</td></tr>
<tr><td>To Finance Expenses (Interest on Debentures)</td><td>5,600</td><td></td><td></td></tr>
<tr><td>To Non-Operating Expenses</td><td>1,600</td><td></td><td></td></tr>
<tr><td>To Net Profit</td><td>67,200</td><td></td><td></td></tr>
<tr><td>Total</td><td>1,64,800</td><td>Total</td><td>1,64,800</td></tr>
</table>
BALANCE SHEET as at 31st March, 2021
<table>
<tr><th>Liabilities</th><th>Rs.</th><th>Assets</th><th>Rs.</th></tr>
<tr><td>Share Capital (paid-up):</td><td></td><td>Land and Building</td><td>2,00,000</td></tr>
<tr><td>Equity Share Capital</td><td>2,00,000</td><td>Plant and Machinery</td><td>40,400</td></tr>
<tr><td>Preference Share Capital</td><td>40,000</td><td>Stock</td><td>78,400</td></tr>
<tr><td>General Reserves</td><td>4,800</td><td>Sundry Debtors</td><td>36,000</td></tr>
<tr><td>Profit and Loss Account</td><td>67,200</td><td>Bank</td><td>10,000</td></tr>
<tr><td>14% Debentures</td><td>40,000</td><td>Cash</td><td>2,000</td></tr>
<tr><td>Bank Overdraft</td><td>2,800</td><td></td><td></td></tr>
<tr><td>Creditors</td><td>12,000</td><td></td><td></td></tr>
<tr><td>Total</td><td>3,66,800</td><td>Total</td><td>3,66,800</td></tr>
</table>
Calculate the following ratios and indicate the purpose which they serve:

Gross Profit Ratio
Operating Ratio
Liquid Ratio
Proprietary Ratio
Working Capital Turnover Ratio

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<td>Q7</td>
<td>The following are the costing records for the year 2017 of a manufacturer: Production 20,000 units; Cost of Raw Materials 2,00,000; Labour Cost 1,20,000; Factory Overheads 80,000; Office Overheads 40,000; Selling Expenses `10,000, Rate of Profit 25% on the Selling Price. The manufacturer decided to produce 25,000 units in 2017. It is estimated that the cost of raw materials will increase by 20%, the labour cost will increase by 10%, 50% of the overhead charges are fixed and the other 50% are variable. The selling expenses per unit will be reduced by 20%. The rate of profit will remain the same. Prepare a Cost Statement for the year 2017 showing the total profit and selling price per unit.</td>
<td>10</td>
<td>CO3</td>
</tr>
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<td>Q8</td>
<td>XYZ Ltd. company purchased machine for Rs. 20,00,000 on 1st April, 2009. It purchased one more machine for Rs. 6,00,000 on 1st June, 2010. It sold one machine on 1st October, 2011 for Rs. 7,50,000 which was</td>
<td>10</td>
<td>CO3</td>
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	purchased on 1st April, 2009 for Rs. 12,00,000 (one part of first machine) and on the same day purchased one more machine from the sale proceeds. On 30th Sept. 2012, the machinery bought on 1st April, 2009 for Rs. 8,00,000 (remaining part of first machine) was auctioned at 40% of the book value on that date. Depreciation was charged at **12% p.a. by diminishing balance method**. Prepare Machinery Account for four years. Books are closed on 31st March every year. Calculation made in nearest rupees.		

SECTION-D
2Qx15M= 30 Marks

	Statement of question		
Q9	From the following balance, prepare Final Account of Mr. Krishna Gopal:-	**15**	**CO4**

	Rs.		Rs.
Life insurance Premium (Self)	500	Capital	40,000
Stock (1-1-1994)	7,500	Plant and Machinery	12,500
Returns Inward	1,000	Purchases	36,000
Furniture	4,600	Sundry Debtors	10,500
Freehold Property	10,000	Coal, Gash and Water	1,000
Carriage Inwards	400	Carriage Outwards	100
Advertising	200	Sales	60,000
Sundry Creditors	4,850	Discount (Dr.)	400
Returns outwards	500	Rent for Premises Sublet	500
Commission (Cr.)	600	Trade Expenses	8,650
Lighting	250	Stationery	2,000
Loan From bank	5,000	Interest Charged by Bank	450
Wages & Salaries	7,500	Cash	7,900

Adjustments:-

1. Stock on 31st Dec. 1994 Rs. 10,000 and stationery unused at the end
2. Rent of Premises Sublet received in advance Rs. 100.
3. Provision for Doubtful Debts is to be created @ 10% on Debtors.
4. Provision for discount on Debtors and Creditors is to be created @ 2
5. Stock of value of Rs. 4,000 was destroyed by fire on 25th Dec. 1 beenadmitted by Insurance Co.
6. Bank Loan has been taken at 12% p.a. interest.

Q10	From the following Balance Sheets of X Ltd., you are required to prepare a Cash Flow Statement:	**15**	**CO4**

Liabilities	1992 (Rs.)	1993 (Rs.)	Assets	1992 (Rs.)	1993 (Rs.)
Equity Share Capital	2,00,000	2,00,000	Goodwill	40,000	30,000
Reserves & Surplus	1,10,000	1,75,000	Machinery	1,50,000	2,00,000
Provision for Taxation	35,000	45,000	Investments (Short-term)	12,000	15,000
Accounts Payable (Creditors + B/P)	1,39,000	1,28,000	Stock	1,80,000	2,15,000
Outstanding Salaries	6,000	—	Accounts Receivable (Debtors + B/R)	60,000	50,000
			Prepaid Expenses	10,000	5,000
			Bank	8,000	10,000
			Preliminary Expenses	20,000	16,000
			Underwriting Commission	10,000	7,000
Total	**4,90,000**	**5,48,000**	**Total**	**4,90,000**	**5,48,000**

Additional Information:

1. **Machinery** whose original cost was Rs. 50,000 was sold for Rs. 10,000 during the year. Accumulated depreciation on this machinery was Rs. 26,000.
2. **Depreciation on Machinery** charged during the year Rs. 20,000.
3. **Dividend paid** during the year at 10% on Equity Share Capital