

Roll No:



UNIVERSITY OF PETROLEUM AND ENERGY STUDIES

End Semester Examination, December 2018

Program : BBA LOGISTICS MANAGEMENT

Semester – IST

Subject (Course) : BUSINESS ACCOUNTING

Course Code : FINC1001

No. of pages : 11

Max. Marks : 100

Duration : 3 Hrs

SECTION A			
S. No.		Marks	CO
Q1	The rule regarding Personal Account is: a Debit what comes in, credit what goes out b Debit all expenses and losses, credit all incomes and gains c Debit the receiver, credit the giver d None of these	1	1
Q2	The Rule 'Debit all expenses and losses and credit all incomes and gains' relates to : a Personal Account b Real Account c Nominal Account d None of these	1	1
Q3	Rs.1,500 withdrawn for personal should be debited to: a Expense Account b Purchases Account c Sales Account d Drawings Account	1	1
Q4	Goods worth Rs.10,000 were withdrawn by the proprietor for his personal use. The account to be credited is: a Sales A/c b Drawings A/c c Purchases A/c d Expenses A/c	1	2
Q5	What will be the journal entry when goods purchased are returned? A Creditors A/c Dr. To Purchase Return A/c B Purchase Return A/c Dr. To Creditors A/c C Creditors A/c Dr.	1	2

	To Sales A/c D None of these.		
Q6	Machinery was purchased for Rs.10,000 and Rs.500 paid as wages for erection of machinery. The whole amount should be debited to: a Wages A/c b Machinery A/c c Repairs A/c d None of these	1	2
Q7	Cash at bank comes within the category of : a. Current assets b. Fixed assets c. Fictitious assets d. None of these	1	1
Q8	The excess of current assets over current liabilities is known as: a. Working capital b. Circulating capital c. Revolving capital d. All of these	1	2
Q9	Which of the following is not a business transaction? a. Sold goods on credit b. Purchased computer c. Paid son's fees from personal bank account d. Paid salaries to staff	1	1
Q10	When the goods are sold on credit, which account is to be debited: a. Supplier account. b. Customer account. c. Sales account. d. Creditors account.	1	1
Q11	Transactions are first recorded in: a. Journal. b. Ledger. c. Balance sheet. d. Cash book.	1	2
Q12	If more than two accounts are affected by a business transaction the sum of the debits must be: a. Greater than the sum of credits. b. Less than the sum of credits. c. Equal to the sum of credits. d. None of these.	1	2
Q13	Gross profit ratio is calculated by dividing gross profit with a. Net sales b. Purchases c. Net profit d. None of these	1	2
Q14	Ideal current ratio is a. 2 : 1	1	1

	b. 1 : 1 c. 3 : 1 d. None of these		
Q15	Debtors turnover ratio is also called as a. Receivables turnover ratio b. Payables turnover ratio c. Any of the above d. None of these	1	1
Q16	The main objective of preparing profit and loss account is to calculate: a. Net profit b. Gross profit c. Both a and b d. None of these	1	2
Q17	Fixed assets consists of a. Land and Building b. Furniture c. Both of the above d. None of these	1	1
Q18	Creditors turnover ratio is also called as a. Receivables turnover ratio b. Payables turnover ratio c. Any of the above d. None of these	1	1
Q19	Car sold by a dry cleaner is a a. Operating activity b. Financing activity c. Investing activity d. None of these	1	2
Q20	Purchased raw material for manufacturing a finished product is a example of a. Operating activity b. Financing activity c. Investing activity d. None of these	1	2
	SECTION B		
Q1	Write short notes on (4 x 5 Marks) a. Turnover Ratios b. Concepts of Accounting c. Cash flow statement d. Balance sheet	20	1
SECTION-C			

Q1	<p>Identify the following activities as belonging to operating activities, financing activities, investing activities.</p> <ol style="list-style-type: none"> 1. Received commission 2. Redemption of debentures 3. Issue of equity share capital 4. Investments purchased 5. Purchase of goodwill 6. Receipts of loan and advances made 7. Interest paid on borrowing 8. Rent received by a business enterprise whose main business is real estate business 9. Rent paid by a company whose main business is manufacturing of goods. 10. Sold goods for cash 	10	3
Q2	<p>From the following transactions Pass the journal entries. Prepare ledger accounts and a Trial Balance</p> <p>Jan 1 Naveen who owed us Rs.65,000 became insolvent and 50 paise in a rupee from him.</p> <p>Jan 5 Purchased stationery from Firoz and paid Rs.5,000.</p> <p>Jan10 Deposited into bank Rs.6,000.</p> <p>Jan12 Paid LIC premium of proprietor Rs.5,700.</p> <p>Jan15 Withdrawn from bank for private use Rs.8,000.</p>	10 10	1
SECTION-D			
Q1	<p>The following information is given about XYZ Ltd.</p> <ol style="list-style-type: none"> a. Closing stock = Rs.15,000 b. Book debts = Rs.28,000 c. Expenses paid in advance = Rs.3,500 d. Expenses payable = Rs.2,100 e. Creditors = Rs.15,000 f. Bills receivable = Rs.30,000 g. Accounts Payable = Rs.9,000 h. Bank overdraft = Rs.3,000 i. Sales = Rs.3,00,000 j. Fixed assets = Rs.1,80,000 k. Indirect expenses = Rs.30,000 L. Cost of goods sold = Rs.2,00,000 <p>Calculate:-</p> <ol style="list-style-type: none"> i. Current ratio ii Quick ratio iii Stock turnover ratio iv. Fixed assets turnover ratio v. Working capital turnover ratio vi Gross profit ratio vii Net profit ratio viii Creditors turnover ratio 	15	1+2

ix Debtors turnover ratio
 x. Average collection period

Q2 On 31st December, 2002, the following Trial balance was extracted from the books of Rathi:

Debit Balances	Amount	Credit Balances	Amount
Closing Stock	35,400	Capital	28,000
Debtors	22,000	Creditors	9,500
Interest on loan	300	Loan	7,500
Cash	2,000	Commission	400
Stock	6,800	Sales	95,000
Motor vehicles	10,000	Returns	1,800
Bank	3,500	Discount	500
Land and building	15,000	Outstanding expenses	2,000
Bad debts	500	Rent received	600
Purchases	7,000		
Returns	8,000		
Printing and stationary	3,000		
Carriage inward	4,100		
Salaries	9,000		
Rent and insurance	6,500		
Advertising	3,300		
General expenses	3,400		
Loose tools	5,500		
	1,45,300		1,45,300

Prepare trading account and profit and loss account for the ended 31st December, 2002 and balance sheet as on that date after taking into account the following:

- (a) Depreciate land and buildings at 10% and motor vehicles at 20%.
- (b) Salaries outstanding Rs.200.
- (c) Prepaid insurance Rs.2,000.
- (d) Provision for bad debts is to be maintained at 5% on debtors

15

1+2

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S. No.	SECTION A	MARKS	CO
Q1	When salary is paid to Pratham account is debited. a. Salary b. Cash c. Pratham d. None of these	1	1
Q2	All the direct expenses are shown in: a. Trading account b. Profit and loss account c. Balance sheet d. None of these	1	2
Q3	Depreciation is charged on: a. Fixed assets b. Current assets c. Intangible assets d. All of the above	1	2
Q4	Depreciation is charged on the book value of asset each year in case of: a. Straight line method b. Diminishing balance method c. None of these d. Both a and b	1	2
Q5	The amount of depreciation remains same every year in case of: a. Straight line method b. Diminishing balance method c. Both a and b d. None of these	1	1
Q6	Written down value method is also called as: a. Diminishing balance method	1	2

	b. Reducing installment method c. Decreasing balance method d. All of these		
Q7	If operating ratio is 70 % then operating profit ratio will be a. 20 % b. 70 % c. 30 % d. None of these.	1	2
Q8	Quick assets are also called as assets a. Liquid b. Solid c. Quick d. None of these	1	2
Q9	Cash flow statement shows cash flow from a. Operating activities b. Financing activities c. Investing activities d. All of the above	1	1
Q10	Dividend paid is a a. Operating activity b. Financing activity c. Investing activity d. All of the above	1	1
Q11	Stock turnover ratio is calculated by dividing average stock by a. Cost of goods sold b. Closing stock c. Opening stock d. None of these	1	1
Q12 balance is added back to cash flow from operating, investing and financial activities to get balance. a. Opening, Closing b. Closing, Opening c. Any of the above. d. None of these.	1	1
Q13 to Q17	Fill in the blanks: When a business is started with cash _____ account is credited. When rent is received cash account is _____. Discount account is a _____ account. The difference of assets and liabilities is known as _____. When money is withdrawn from the bank for personal/private use _____ account is debited.	1 each	1
Q18	Calculate gross profit if rate of gross profit is 20% on sales and cost of goods is Rs.1,20,000:	1	2

	(a) Rs.24,000 (b) Rs.30,000 (c) Rs.20,000 (d) None of these		
Q19	Prepaid Rent is shown as: (a) Current asset (b) Current liability (c) Fixed asset (d) Income	1	2
Q20	Opening Stock Rs.8,500 Purchases Rs.30,700 Direct expenses Rs.4,800 Indirect expenses Rs.5,200 Closing stock Rs.9,000 Cost of goods sold will be: (a) Rs.30,000 (b) Rs.35,000 (c) Rs.32,000 (d) Rs.40,000	1	2
SECTION B (4 x 5 = 20 Marks)			
Q1	Write short notes on a. Depreciation b. Cash flow statement c. Current assets and current liabilities d. Accounting Standards	5 5 5 5	1
SECTION C (3 x 10 = 30 Marks)			
Q1	Classify the following activities among operating activities, financing and investing activities. 1. Sold goods for cash 2. Issued Equity shares 3. Plant purchased 4. Dividend paid 5. Repayment of bank loan 6. Motor vehicle sold 7. Salaries paid to staff 8. Purchased stationery 9. Electricity expenses paid 10. Purchased raw vegetables by a restaurant owner	10	3
Q2	From the following transactions Pass the journal entries. Prepare ledger accounts and a Trial Balance 1. Purchased goods for cash Rs.2,000. 2. Sold goods to Ram on credit Rs.5,000.	10 10	2

	3. Purchased furniture for cash Rs.500.		
	4. Withdrawn from bank for personal use Rs.50.		
	5. Paid life insurance premium of proprietor Rs.400.		

SECTION-D

Q1	From the following trading account, Profit and loss account and balance sheet of X Ltd as on 31st March 2018, Calculate the following ratios:	15	2																																				
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	<ul style="list-style-type: none"> i Current ratio ii Acid test ratio iii Stock turnover ratio iv Working capital turnover ratio v Fixed assets turnover ratio vi Operating ratio vii Operating profit ratio vii Gross profit to net profit ratio 																																						

Q2

From the following Trial Balance prepare Trading Account, Profit and Loss and Balance Sheet as on 31st December, 2009.

15

1+2

Debit Balances		Amount	Credit Balances		Amount
Drawings		45,000	Sundry creditors		51,800
Stock (1-1-2009)		41,600	Sales		184,000
Cash in hand		6,700	Bills payable		7,500
Debtors		8,500	Capital		126,300
Plant and machinery		60,000	Discount		5,100
General expenses		7,100			
Salaries		15,000			
Printing and stationary		3,800			
Rent		2,500			
Purchases		132,800			
Electricity expenses		5,700			
Building		46,000			
		374,700			374,700

Additional Information:

- (a) Stock on 31st December, 2009 was valued at Rs.32,000.
 (b) Write off Rs.2,500 as bad debts and make a provision of doubtful debts on debtors @ 5%
 (c) Provide interest on capital @ 10% p .a.
 (d) Charge Depreciation on plant and Machinery at 10% and Building 5%.
 (e) Outstanding expenses were: Rent Rs.750 and General Expenses Rs.350.