

Name:

Enrolment No:



**UNIVERSITY OF PETROLEUM AND ENERGY STUDIES**

**End Semester Examination, December 2018**

**Course: Financial Accounting**

**Programme: B.Com LLB(Hons.) Taxation Laws**

**Time: 03 hrs. Max. Marks: 100**

**Instructions:**

**Semester: III**

**CC: CLNL 2019**

**SECTION -A**

**Q1) Multiple choice questions ( Each question carries one mark).**

**[10]**

**(i)** What is not one of the four different methods of analyzing financial statements?

**(CO1).**

- a) Ratio analysis
- b) Trend analysis
- c) Lateral analysis
- d) Vertical analysis

**(ii)** What is the purpose of making a provision for depreciation in the accounts?

**(CO4)**

- a) To make a provision for repairs
- b) To make cash available to replace fixed assets
- c) To show the current market value of fixed asset
- d) To charge the cost of fixed assets against profits

**(iii)** In cash flow statement, the item of interest is shown in

**(CO5)**

- a) Operating Activities
- b) Financing Activities
- c) Investing Activities

- a) Both a and b
- b) Both a and c
- c) Both b and c
- d) a, b, c

**(iv)** The term 'Financial Statement' covers

**(CO1)**

- a) Profit & Loss Statement

- b) Balance sheet and Profit & Loss Statement appropriation account  
c) Profit & Loss Statement and Balance sheet  
d) All of above are false
- (v) Rent receivable (given in trial balance) is an item of: **(CO5)**  
a) Balance Sheet  
b) Profit & Loss Account  
c) Trading Account  
d) Both Balance Sheet and Profit & Loss Account
- (vi) Indirect expenses are included in which of the following: **(CO1)**  
a) Trading account  
b) Profit & loss account  
c) Balance Sheet  
d) Depreciation account
- (vii) What types of accounts are included in Profit and loss account **(CO4)**  
a) Nominal Account  
b) Real Account  
c) Personal Account  
d) Both A & C
- (viii) The term current asset doesn't cover **(CO4)**  
a) Car  
b) Debtors  
c) Stock  
d) Prepaid expenses
- (ix) Transactions are initially recorded in the **(CO1)**  
a) Trial balance  
b) T account  
c) ledger  
d) Journal
- (x) Generally Accepted Accounting Principles **(CO1)**  
a) Define accounting practice at a point in time  
b) Are similar in nature to the principles of chemistry or physics  
c) Are rarely changed  
d) Are not affected by changes in the way business operate

## Section –B

### Short answer type questions

[2x10=20 marks]

Q2. What do you mean by Ratio Analysis? Describe liquidity and Profitability ratios? (CO5)

Q3. What is Balance sheet and Trading and Profit & loss Account? Differentiate between Balance Sheet & Profit & loss Account (CO2)

## SECTION –C

### Long Answer Type questions (Attempt any two)

[2x10=20 marks]

Q4. What is a Cash Flow Statement? State its objectives? Explain how a company can make loss but still have an increase in cash?

(CO6)

Q5. Following is the Balance sheet of a company as on 31<sup>st</sup> march :

(CO5)

Liabilities	Rs.	Assets	Rs.
Share capital	2,00,000	Land & buildings	1,40,000
Profit & loss Account	30,000	Plant & Machinery	3,50,000
General reserve	40,000	Stock	2,00,000
12% Debentures	4,20,000	Sundry Debtors	1,00,000
Sundry creditors	1,00,000	Bills Payable	10,000
Bills Payable	50,000	Cash at Bank	40,000
	8,40,000		8,40,000

### Calculate:

- 1) Current ratio
- 2) Quick Ratio
- 3) Inventory to working capital Ratio
- 4) Debt to Equity Ratio

Q6. What is depreciation ? Mention its causes? State the need for charging depreciation?

(CO2)

**SECTION –D**

[50 marks]

**LONG TYPE NUMERICAL**

Q7. Following is the summary of cash transactions of Anju limited for the year ended 31 March, 2005 (Amount in '000).

[15 Marks] (CO5)

Receipts	Rs.	Payments	Rs.
Balance as on 1.4.2004	150	Payment to creditors	6000
Issue of equity shares	900	Purchase of fixed assets	600
Receipts from customers	8400	Expenses	600
Sale of fixed assets	300	Wages and salaries	300
		Tax	750
		Dividends	150
		Repayment of bank loan	900
		Balance as on 31.3.2005	450
	9750		9750

You are required to prepare a cash flow statement for the year ended 31 March, 2005.

Q8. Following is the trial balance of Olivia Ltd. as at 31 December 2002

[25 marks] (CO5)

Particulars	Dr.	Cr.
Stock at 1 Jan 2002	50,000	
Purchases	4,20,000	
Sales		557,500
Shop expenses	6,200	
Wages	33,500	
Rent paid	750	
Telephone	500	
Interest paid	4,500	
Travel expenses	550	

Premises	2,00000	
Shop fittings	40,000	
Debtors	10,100	
Bank	5,850	
Cash	50	
Capital		75,000
Drawings	27,000	
Loan from Bank		14,500
Creditors		2,000
Value added Tax	799,000	799,000

Note-Stock at 31 December 2002 was valued at 42,000

You are required to prepare a Trading & Profit and loss Account and Balance Sheet.

Q9. On 1 April 2013 a firm purchased a machinery for 1,60,000. On 31 December 2015 the machine was sold for 85,000 due to obsolescence.

The firm provides depreciation @10% p.a. on original cost method.

Show Machinery account and provision for depreciation account

Books are closed on 31 March every year.

**[10 marks] (CO5)**

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**Instructions:**

**SECTION –A**

**Q1) Multiple choice questions ( Each question carries one mark).**

**[10]**

(i) What types of accounts are included in Profit and loss account

**(CO1)**

a) Nominal Account

b) Real Account

c) Personal Account

d) Both A & C

(ii) The term current asset doesn't cover

**(CO4)**

a) Car

b) Debtors

c) Stock

d) Prepaid expenses

(iii) Transactions are initially recorded in the

**(CO4)**

a) Trial balance

b) T account

c) ledger

d) Journal

- (iv) Generally Accepted Accounting Principles **(CO2)**
- a) Define accounting practice at a point in time
  - b) Are similar in nature to the principles of chemistry or physics
  - c) Are rarely changed
  - d) Are not affected by changes in the way business operate
- (v) What type of ratio helps determine a company's ability to generate sufficient cash to meet its obligations? **(CO5)**
- (a) Liquidity ratios
  - (b) Profitability ratios
  - (c) Activity ratios
  - (d) Leverage ratios
- (vi) What is depreciation? **(CO2)**
- (a) The residual value of a fixed asset plus its original cost
  - (b) The cost of a replacement for a fixed asset
  - (c) The cost of an asset wearing away
  - (d) The part of the cost of the fixed asset consumed during the period of use by the business
- (vii) In cash flow statement, the item of interest is shown in **(CO3)**
- A) Operating Activities
  - B) Financing Activities
  - C) Investing Activities
- a) Both A and B
  - b) Both A and C
  - c) Both B and C
  - d) A, B, C
- (viii) P&L statement is also known as **(CO1)**
- a) Statement of operations
  - b) Statement of income
  - c) Statement of earnings
  - d) All of the above
- (ix) Indirect expenses are included in which of the following: **(CO5)**
- (a) Trading account

- (b) Profit & loss account
- (c) Balance Sheet
- (d) Depreciation account

(x) Which of the following is correct about an agreed trial balance (CO6)

- a) Both debit & credit aspects of each transactions have been recorded.
- b) The books are arithmetically correct
- c) The debit and credit columns of trial balance have been correctly totalled
- d) All of the above

### Section –B

#### Short answer type questions

[2x10=20 marks]

Q2) What is a Journal and a ledger ? Explain with examples and differentiate between them? (CO4)

Q3) What do you mean by Ratio Analysis? Describe liquidity and Profitability ratios? (CO2)

### SECTION –C

#### Long Answer Type questions (Attempt any two)

[2x10=20 marks]

Q4) Following is the Balance sheet of a company as on 31<sup>st</sup> march : (CO6)

Liabilities	Rs.	Assets	Rs.
Share capital	2,00,000	Land & buildings	1,40,000
Profit & loss Account	30,000	Plant & Machinery	3,50,000
General reserve	40,000	Stock	2,00,000
12% Debentures	4,20,000	Sundry Debtors	1,00,000
Sundry creditors	1,00,000	Bills Payable	10,000



Bills Payable	50,000	Cash at Bank	40,000
	8,40,000		8,40,000

Calculate:

- 1) Current ratio
- 2) Quick Ratio
- 3) Inventory to working capital Ratio
- 4) Debt to Equity Ratio

Q5) What is a Cash Flow Statement? Explain to what extent a cash flow statement is essential in judging the financial performance of a company? (CO5)

Q6) Define Depreciation ? What are the different methods for depreciation? What is provision for depreciation? (CO4)

### SECTION –D

[50 marks]

#### LONG TYPE NUMERICAL

Q7) From the trial balance of Natasha Morgan ,Prepare Trading and Profit & loss account and Balance sheet.

[25 marks] (CO5)

Trial Balance as at 31 December 2014

Particulars	Dr.(Rs.)	Cr.(Rs)
Sales		40,000
Purchases	18,500	
Wages and salaries	5100	
Repairs and maintenance	1300	
lighting	900	
General Expenses	1200	
Insurance	800	
Cash at Bank	2200	
Cash in hand	1300	
Trade Receivables	4100	
Trade Payables		3400
Premises	30,000	
Fixtures & fittings	10,000	
Motor Vehicle	8,000	

Capital at 1 Jan 2014		52,000
Drawings	12,000	
	95400	95400

Note- stock at 31 December was valued at Rs.4500

Q8) On 1 April 2013 a firm purchased a machinery for 1,60,000. On 31 December 2015 the machine was sold for 85,000 due to obsolescence. **[10 marks] (CO4)**

The firm provides depreciation @10% p.a. on original cost method.

Show Machinery account and provision for depreciation account

Books are closed on 31 March every year.

Q9) From the following cash account of X Ltd. ,Prepare a Cash Flow statement for the year ended 31 march 2007 **[15 marks]**  
**(CO5)**

Particulars	Amount(Rs)	Particulars	Amount(Rs)
To balance b/d	50	By Payment to	2000
1.4.2006	300	suppliers	200
To equity shares	2800	By Purchase of fixed	
To Receipt from		assets	200
customers	100	By Overhead	100
To sale of Fixed		Expenses	250
Assets		By wages & salaries	50
		By Taxation	300
		By Dividends	150
		BY repayment of	
		loan	
		By Balance c/d	
		(31.8.2007)	
	3250		3250