

JK Lakshmipat University Jaipur
INSTITUTE OF MANAGEMENT

End Term Examination, 2023

BBA, Semester I, 2023-24

Roll No.....

FA1101: ACCOUNTING FOR BUSINESS

Time: 2 hours Max. Marks: 40

Instructions to students:

1. Do not write anything other than your roll number on question paper.
2. Mention all the assumptions for your answers clearly.

Questions 1.1 to 1.7 carry 1 mark each

(LO2,3,4)

Q.1.1 With which ratio you can measure the liquidity of a company?

Q.1.2 What is amortization of assets?

Q.1.3 A debit balance of profit and loss account is?

a) Net Loss

c) Gross Loss

b) Gross Profit

d) Net Profit

Q.1.4 Goods given as free sample should be credited to?

a) Advertisement account

c) Sales account

b) Purchase account

d) Drawings account

Q.1.5 How are current assets different from fixed assets

Q.1.6 What is the formula for calculating the inventory turnover ratio?

Q.1.7 The debt-to-equity ratio measures:

a) The proportion of debt in the company's capital structure

b) The company's ability to pay its short-term debts

c) Profitability of the company

d) Efficiency of inventory management

Q.2.1 State how the given situation must be dealt in the final accounts prepared on 31.12.2023: Advertisement expenditure of Rs 10,000 paid on 29.11.2023 for the one page advertisement in magazine which has appeared only in January, 2024.

2.0

Q.2.2 How will you calculate the gross profit of your business?

2.0

Q.2.3 What are Final Accounts? What purpose do they serve?

3.0

Q.2.4 Define depreciation and explain its impact on financial statements.

3.0

OR

On 1st January, 2020, MI trading company purchased furniture costing Rs 500,000. The company uses straight-line method of depreciation @ 5% pa and closes accounts on December 31 every year. Ascertain the value of asset on 31.12.2024.

3.0

- Q3.1) Business Case: JKL Tools & Equipment Manufacturing Pvt. Ltd. 8.0 (LO3,4)
 JKL Tools & Equipment Manufacturing Pvt. Ltd. is a well-established company in India, specializing in the production and distribution of industrial tools and equipment. The company is planning to expand its operations and invest significantly in modernizing its production facilities in 2024.
 You are recently hired as the financial advisor of the company. Analyse the company's balance sheet using liquidity ratios and debt management ratios and interpret the ratios to suggest necessary actions.

Balance sheet as on 31.12.2023

Liabilities	Amount (INR)	Assets	Amount (INR)
Equity	64,00,000	Cash	12,00,000
Accounts Payable	8,00,000	Accounts Receivable	9,00,000
Short-Term Loans	10,00,000	Inventory	6,00,000
Long-Term Loans	20,00,000	Fixed Assets	75,00,000
Total	1,02,00,000	Total	1,02,00,000

- Q3.2) From the following, balance extracted from the books of MF Gupta & Co., prepare a Trading and Profit and Loss Account and a Balance Sheet.

15.0 (LO2,3)

Particulars	INR	Particulars	INR
Opening Stock	1,250	Plant and Machinery	6,230
Sales	11,800	Returns Outwards	1,380
Depreciation	667	Cash in hand	895
Insurance	380	Debtors	1,905
Carriage Inwards	300	Discount (Dr.)	328
Furniture	170	Bills Receivable	2,730
Printing Charges	481	Wages	1,589
Carriage Outwards	200	Returns Inwards	1,659
Capital	9,228	Bank Overdraft	4,000
Creditors	1,780	Purchases	8,679
Bills Payable	541	Petty Cash in Hand	47
Commission (Cr.)	211	Salaries	750
Land	500	Bad Debts	180

The value of closing stock was Rs 3,700.