

B.Voc. DEGREE EXAMINATION, NOVEMBER 2019
BANKING, FINANCIAL SERVICES AND INSURANCE
FIRST SEMESTER

COURSE : MAJOR CORE
PAPER : PRINCIPLES AND PRACTICES OF ACCOUNTING
TIME : 3 HOURS **MAX.MARKS : 100**

SECTION – A

ANSWER ALL QUESTIONS

(10X2=20)

1. Define cost accounting.
2. What is NPA?
3. What is financial statements?
4. Write a note on Current Ratio.
5. What are the types of insurance?
6. The trial balance of the Nedungadi Bank Ltd., as on 30th June 2015 shows the following balances.

Particulars	₹
Interest and discount	45,40,600
Rebate on bills discounted (1.7.2014)	4,750
Bills discounted and purchased	3,37,400

The unexpired discount as on 30.06.2015 is estimated to be ₹5,560. Calculate the amount of interest and discount to be credited to P&L account.

7. Calculate Earnings per share (EPS) from the following.

Particulars	
Net profit before tax	1,00,000
Tax	50%
10% preference share capital (₹10each)	1,00,000
Equity share capital (₹10 each)	1,00,000

8. Calculate the trend percentages for the following, with the year 2008 as base year.

YEAR	2008	2009	2010	2011	2012	2013
SALES (₹)	40,000	65,000	90,000	70,000	60,000	68,000

9. A manager gets 5% commission on net profit after changing such commission, what shall be his commission if gross profit is ₹96,000 and expenses of indirect nature other than manager's commission are ₹12,000?
10. How will the following adjustment appear in the Profit & Loss A/c and Balance sheet as on 31.12.2010?

Sundry debtors ₹21,000
Bad debts to be written off ₹ 1,000
Provide @ 5% provision for Bad and Doubtful debts and @ 2% provision for discount on Debtors

SECTION – B

ANSWER ANY FIVE QUESTIONS

(5X4=20)

11. Dhandapani & Co Ltd., Furnishes the following balance sheet for the year 2007 and 2008. Prepare common size balance.

Liability	2007	2008	Asset	2007	2008
Share Capital	2,00,000	3,00,000	Buildings	4,00,000	4,00,000
Reserves	6,00,000	7,00,000	Machinery	6,00,000	10,00,000
10% Debentures	2,00,000	3,00,000	Stock	2,00,000	3,00,000
Creditors	3,00,000	5,00,000	Debtors	2,00,000	2,50,000
Bills Payable	1,00,000	80,000	Cash at bank	1,00,000	50,000
Tax payable	1,00,000	1,20,000			
	15,00,000	20,00,000		15,00,000	20,00,000

12. You are given the following information :

Particulars	₹
Cash	18,000
Debtors	1,42,000
Closing stock	1,80,000
Bills payable	27,000
Creditors	50,000
Outstanding expenses	15,000
Tax payable	75,000

Calculate a. Current Asset b. Liquidity Ratio c. Absolute liquidity Ratio

13. The following details have been obtained from the cost records of Raja Sekhar Ltd.

Particulars	₹
Stock of raw materials on 1 st Dec 2014	75,000
Stock of raw material on 31 st Dec 2014	91,500
Direct wages	52,500
Indirect wages	2,750
Sales	2,11,000
Work-in-progress 1 st Dec 2014	28,000
Work-in-progress 31 st Dec 2014	35,000
Purchase of raw material	66,000
Factory rent, rates, power	15,000
Depreciation of plant and machinery	3,500
Expenses on purchases	1,500
Carriage outwards	2,500
Advertising	3,500
Office rent and taxes	2,500
Travelers wages and commission	6,500
Stock of finished goods 1 st Dec 2014	54,000
Stock of finished goods 31 st Dec 2014	31,000

Prepare a cost sheet giving the maximum possible break up cost and profit.

14. The revenue account of a life insurance company showed the life fund at ₹73,17,000 on 31.03.2106 before taking into account the following items:

Particulars	₹
Claim initiated but not admitted	98,250
Bonus utilized in reduction of premium	13,500
Interest accrued on investment	29,750
Outstanding premiums	27,000
Claims covered under re-insurance	40,500
Provision for taxation	31,500

Prepare the adjusted life fund.

15. From the following information relating to Lakshmi Bank Ltd., prepare the Profit and Loss A/c for the year ended 31st December 2016.

Particulars	₹	Particulars	₹
Rent received	72,0000	Salaries and allowances	2,18,800
Exchange and commission	32,8000	Postage	5,600
Interest on fixed deposits	11,00,000	Sundry charges	4,000
Interest on savings bank a/c	2,72,000	Directors and auditors fees	16,800
discount on bills discounted	7,80,000	Printing	8,000
Interest on overdraft	2,16,000	Law charges	3,600
Interest on cash credits	8,92,000	Locker Rent	1,400
Interest on current account	1,68,000	Transfer fees	2,800
Depreciate on bank property	20,000	Interest on loans	10,36,000

16. Pass necessary adjustment entries for the following adjustments:-

- Goods worth ₹ 2,000 distributed as free samples to customers.
- ₹ 2,000 to be transferred to Reserve Fund.
- Interest charged on drawings ₹ 520.
- The proprietor has withdrawn goods worth of ₹ 200 from stock.
- To provide 10% interest on capital of ₹ 2,50,000.
- Carriage inwards include carriage paid on purchase of furniture ₹ 500
- Commission received in advance ₹ 1,000.
- Insurance unexpired is ₹ 2,000

17. Given below is the summarized balance sheet and profit and loss account of Rajalaxmi sugar mills Ltd as on 31-12-2018. You are required to calculate

- Operating Ratio
- Net Profit Ratio
- Debtors Turnover Ratio
- Debt equity Ratio

Balance Sheet as on 31-12-2018

Liabilities	₹	Assets	₹
Issued Capital :40,000 shares of ₹ 100 each	40,00,000	Land & Building	30,00,000
Reserves	18,00,000	Plant & Machinery	16,00,000
Creditors	26,00,000	Stock	29,60,000
Profit & Loss Account	6,00,000	Debtors	14,20,000

6% Debentures	6,00,000	Cash at bank	6,20,000
	96,00,000		96,00,000

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Profit & Loss Account

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Particulars	₹	Particulars	₹
To opening stock	19,90,000	By sales	1,70,00,000
To purchases	1,09,05,000	By closing stock	29,80,000
To direct expenses	2,85,000		
To gross profit	68,00,000		
	1,99,80,000		1,99,80,000
To administrative expenses	30,00,000	By gross profit b/d	68,00,000
To selling expenses	6,00,000	By Non-operative income	1,80,000
To financial expenses	3,00,000		
To other non-operating expenses	80,000		
To net profit	30,00,000		
	69,80,000		69,80,000

SECTION – C

ANSWER ANY TWO QUESTIONS

(2X15=30)

18. From the following particulars prepare a trading and profit & loss A/c for the year ended 31.12.1987 and the balance sheet as on that date:

Particulars	Debit ₹	Credit ₹
Cash at bank	20,500	
Capital A/c		80,000
Drawings	6,000	
Machinery	25,000	
Stock on 1-1-2017	15,000	
Purchases	82,000	
Sales return	2,000	
Sundry Debtors	20,600	
Furniture	5,000	
Taxes	2,000	
Carriage Outwards	500	
Rent	4,600	
Printing and Stationary	800	
trade Expenses	400	
Sundry Creditors		10,000
Sales		1,20,000
Purchase Returns		1,000
Postage and Telegram	800	
Reserve for bad & doubtful debts		400
Discount		800
Rent Received		1,200

Insurance Premium	700	
Salary & wages	21,300	
Cash in Hand	6,200	

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Adjustments:

- Stock on 31-12-2017 ₹14,600
- Write off bad debts ₹600
- Reserve for bad & doubtful Debts at 5% on Sundry Debtors is required
- Provide reserve for discount on debtors at 2% and reserve on Creditors also at 2%
- Depreciate Machinery and furniture at 5% and 20% respectively
- Prepaid insurance ₹100
- A fire occurred on 25-12-2017 destroying stock to the extent of ₹5,000. The stock were insured and the insurance company reimbursed the loss.

19. From the following profit and loss account and balance sheet of Gopal Industries, prepare a comparative Income Statement a comparative balance sheet.

PROFIT AND LOSS ACCOUNT

	2012	2013		2012	2013
To cost of goods sold	500	640	By sales	700	900
To operating expenses					
Administrative	20	20			
Selling	30	40			
To net profit	150	200			
	700	900		700	900

BALANCE SHEET AS ON 31ST DECEMBER

Liabilities	2012	2013	Asset	2012	2013
Bills payable	50	75	Cash	50	70
Tax payable	100	150	Debtors	300	450
Creditors	150	200	Stock	100	200
Debentures	100	150	Land	100	120
Preference share capital	300	300	Buildings	200	180
Equity share capital	200	200	Machinery	250	225
Reserves	200	250	Furniture	100	80
	1,100	1,325		1,100	1,325

20. Debtors velocity - 3months

Fixed asset turnover ratio- 8 times

Creditors Velocity – 2 months

Stock velocity - 8 times

Gross profit ratio -25%

Capital turnover ratio- 2.5 times

Bills payables – ₹2,000

Bills Receivables – ₹5,000

The closing stock is ₹2,000 more than the opening stock .Gross Profit for the year amounted to ₹80,000 .Liquid asset are ₹97,333.there is no long term loans or overdraft.

Find out

- Sundry debtors
- Sundry creditors
- Closing stock.

- d. Sales
- e. Fixed asset
- f. Proprietors's fund

Also make out the balance sheet with as many detail as possible

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PRACTICAL COMPONENT:

A manufacturing unit in Assam is required to quote the price of 1,000 bamboo bottles to an educational institution in Chennai. The cost of manufacturing the bottle would include raw material cost, labour cost, overhead cost and transportation cost. The bamboo is grown in Nagercoil, which is to be transported to Assam. The cutting cost of bamboo shoots for making 2,000 bamboo bottles would amount to Rs.25,000. The transportation cost from Nagercoil to Assam amounts to Rs.5,000. Labour cost for making one bamboo bottle is Rs.100. Factory overheads Rs.7,000. Administration overheads Rs.8,000. The cost of transporting the bottles from Assam to Chennai Rs.4,500. Calculate

- a. Material cost per bottle. (3 marks)
- b. Total Prime cost. (5 marks)
- c. Administration overhead per bottle. (2 marks)
- d. Selling and distribution overheads – transportation cost per bottle. (5 marks)
- e. Total cost of manufacturing 1,000 bottles and sale price to be quoted assuming 10% profit on cost. (10 marks)
- f. What will be the selling price per bottle if the bottles are sold in Assam? (5 marks)
