

STELLA MARIS COLLEGE (AUTONOMOUS) CHENNAI – 600 086.

COURSE CODE: 19VB/VM/PA16

B.VOC DEGREE EXAMINATION – NOVEMBER 2021

VOCATIONAL - 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 the questions:

(3 x 4 = 12)

1. State any four limitations of ratio analysis.
2. Calculate Cost of Materials consumed, Prime cost, Factory cost and Cost of production

Particulars	Amount
Opening stock of raw materials	20,000
Closing stock of raw materials	10,000
Purchases	12,000
Chargeable expenses	2,000
Indirect wages	3,000
Office expenses	5,000

3. From the following information, compute the trend percentages taking 2017 as the base year

Particulars	2017	2018	2019	2020
Sales	40	35	28	36
Cost of goods sold	20	15	10	16
Gross Profit	20	20	18	20

SECTION – B

Answer any THREE questions:

(3 x 16 = 48)

4. a. From the following details calculate

(8 Marks)

- (i) Gross profit Ratio
- (ii) Net profit ratio
- (iii) Operating profit ratio
- (iv) Operating ratio

Particulars	Amount
Sales	1,00,000
Dividend received	400
Gross profit	30,000
Net profit	26,600
Administration expenses	1,000
Selling expenses	2,000
Loss on sale of investments	800

b. From the following information prepare a statement of proprietors funds **(8 Marks)**

Current ratio	2.5
Liquidity ratio	1.5
Proprietary ratio (Fixed assets/Proprietary funds)	0.75
Working capital	Rs.60,000
Reserves and Surplus	Rs.40,000
Bank overdraft	Rs.10,000

5. Maria Ltd. presents the following details about the various expenses incurred by them in the production of 1000 units of a product. You are required to prepare a cost sheet showing the cost per unit and the total cost.

Particulars	Amount
Direct Material	10,000
Direct Wages	2,000
Direct expenses	5,000
Factory Rent	2,000
Indirect Material	4,500
Power consumed in Factory	800
Office Rent	2,000
Office Gas and Water charges	1,200
Postage expenses	600
Advertising expense	750
Salesman's expense	250
Factory Manager's salary	6,000
Office Manager's salary	8,000
Factory Lighting	700

6.a. India Life Insurance Company disclosed a fund of Rs. 25,00,000 on 31.3.2020 before taking the following into consideration: (8 Marks)

- a. A claim of Rs. 15,000 was intimated and admitted but not paid during the year.
- b. A claim of Rs. 8,000 outstanding in the books for 8 years is written back
- c. Premium of Rs. 1,000 is payable under reinsurance
- d. Reinsurance recoveries Rs. 30,000
- e. Bonus utilised in reduction of premium Rs. 8,000
- f. Agents commission to be paid Rs. 6,000

Calculate the Life Assurance Fund.

b. From the following particulars, prepare the Fire Revenue Account of New Asia Insurance Co. Ltd., for the year ending 2020 (8 Marks)

Particulars	Rs.
Claims paid	240
Premiums received	600
Reinsurance premium	60
Commission	100
Expenses of management	150
Provision against unexpired risk on April 1, 2019	260
Claims unpaid on April 1, 2019	20
Claims unpaid on March 31, 2020	35

7. a. From the following particulars, prepare a Profit and Loss Account of New Bank Ltd., for the year ended 31.12.2020

(8 Marks)

(Rupees in thousands)

Particulars	Rs.	Particulars	Rs.
Interest on loans	260	Interest on cash credits	225
Interest on fixed deposits	280	Rent and taxes	20
Rebate on bills discounted	50	Interest on overdrafts	56
Commission charged to customers	9	Director's fees	4
Establishment charges	56	Interest on savings bank account	70
Discount on bills discounted	200	Postage and telegrams	2

Interest on current accounts	45	Sundry charges	2
Printing	3		

b. On 31st March 2021, RCC Bank held the following bills discounted by it earlier: (8 Marks)

Date of bill 2020	Term of bill (months)	Discounted @% p.a.	Amount of bill Rs.
January, 4	3	12	5,00,000
January, 25	4	8	2,00,000
February, 9	4	14	1,50,000
March, 15	1	12	50,000

Calculate the rebate on bills discounted. Show the necessary journal entry for the rebate.

SECTION – C

Answer any ONE question:

(1 x 40 = 40)

8. From the following profit and loss account and balance sheet of Revathy Industries, prepare a comparative income statement and comparative balance sheet for the year ending 2020

Trading and Profit and Loss Account

(Rupees in thousands)

Particulars	2019	2020	Particulars	2019	2020
To cost of goods sold	100	150	By Sales	200	300
To operating expenses: Administrative	10	10			
Selling	15	20			
Net Profit	75	120			
	200	300		200	300

Balance Sheet

Liabilities	2019	2020	Assets	2019	2020
Share Capital	200	250	Fixed Assets	100	120
Reserves	80	100	Investments	50	60
Debentures	100	80	Stock	65	75
Creditors	70	95	Debtors	80	90

Bills payable	50	75	Bills receivable	95	105
			Cash at bank	110	150
	500	600		500	600

9. From the following balances taken from Sriram & Co. on 31st December 2020. Prepare the final statement.

Particulars	Rs.	Particulars	Rs.
Capital	3,00,000	Purchase returns	8,460
Purchases	2,40,000	Bad debts	4,200
Sales	4,21,110	Bad debts provision	9,720
Drawings	52,800	Insurance	3,900
Opening stock	34,380	Discount received	570
Rent (Cr)	6,300	Sales returns	12,720
Wages	18,840	Buildings	75,000
Carriage outwards	54,535	Sundry debtors	1,86,210
Carriage inwards	6,930	Furniture & fittings	10,500
Postage	4,440	Salary	29,610
Cash in hand	47,550	Administrative expenses	4,020
Additions to buildings	21,000	Sundry creditors	56,760

Adjustments:

- i. Stock on 31st December 2020 is valued at Rs.42,870
- ii. Depreciate the existing building @2.5% and additions building @2% and furniture@10%
- iii. Write off bad debts from the books at Rs.1,710
- iv. Provision for bad debts on debtors @ 5%
- v. Salary outstanding was Rs.1,710
- vi. Rent to be received during the year 2010 is Rs.400
- vii. Unexpired insurance Rs.720
- viii. Interest on capital @ 5 %.
