

STELLA MARIS COLLEGE (AUTONOMOUS) CHENNAI – 600 086.
(For candidates admitted during the academic year 2008-2009 & thereafter)

SUBJECT CODE: CM/AC/AP44

B.Sc. DEGREE EXAMINATION APRIL 2012
BRANCH I – MATHEMATICS
FOURTH SEMESTER

COURSE : ALLIED – CORE
PAPER : ACCOUNTING PRACTICES
TIME : 3 HOURS **MAX. MARKS : 100**

SECTION – A

ANSWER ALL QUESTIONS. **(30 x 1 = 30)**

I Fill in the blanks:

1. Capital is the excess of ----- over liabilities.
2. Goodwill is an ----- asset.
3. Bad debts account shows a ----- balance.
4. ----- includes direct material, direct labour and direct expenses.
5. Marginal cost is also called ----- cost.
6. An overhead is the total of all ----- costs.
7. Contribution is the difference between sales and -----costs.
8. The level of sales at which there is no profit or no loss is called -----point.
9. ----- is the difference between current assets and current liabilities.
10. Operating ratio is a ----- ratio.

II State whether the following statements are “true” or “false”:

11. Profit and loss account shows the financial position of the concern.
12. Bank overdraft appears in Asset side of the balance sheet.
13. Balance sheet shows the profit and during the period.
14. For stock turnover ratio, average stock is to be calculated.
15. Balance sheet is a statement of financial position of a business at a specific moment of time.
16. Stocks of raw material are adjusted after finding prime cost.
17. Fixed cost is reduced from contribution to find profit.
18. Make or Buy decision ignores fixed cost.
19. Common size statements is a technique used in financial statement analysis.
20. Gross profit ratio indicates the relationship between gross profit and capital.

III Match the following:

- | | |
|-----------------------|----------------------------------|
| 21. Trend percentages | (a) Assets |
| 22. Prepaid expenses | (b) Fixed Assets |
| 23. Marginal cost | (c) Financial statement analysis |
| 24. Depreciation | (d) Liability |
| 25. Bills payable | (e) Variable cost |

IV Choose the correct answers:

26. Sales are equal to -----
 (a) Cost of goods sold + Gross profit (b) Cost of goods sold – Gross profit
 (c) Gross profit – cost of goods sold (d) None of these.
27. The term Current Assets does not include
 (a) stock (b) debtors (c) cash (d) bank over draft
28. Debt-equity ratio is
 (a) profitability ratio (b) short-term solvency ratio
 (c) long-term solvency ratio (d) turnover ratio
29. A Key Factor is -----
 (a) Budget factor (b) Limiting factor
 (c) Cost factor (d) None of these.
30. A Ratio is a -----
 (a) Journal entry (b) Business transaction
 (c) Relationship between two items (d) None of these.

SECTION – B**ANSWER ANY FIVE QUESTIONS:****(5 x 8 = 40)**

31. From the following balances extracted at the close of the year ended 31st Dec 2006, Prepare profit & loss account and profit & loss appropriation account of Hindustan Company for the year ending 31st December 2006.

	Rs.		Rs.
Gross Profit	55,000	Repairs	500
Carriage on sales	500	Telephone expenses	520
Office rent	500	Interest (Dr.)	480
General expenses	900	Insurance premium	900
Discount	360	Bad debts	2,100
Interest (cr)	200	Dividend	1,500
Travelling expenses	700	Printing & stationery	2,500
Salaries	900	Trade expenses	300
Commission	300	Tax paid	5,000
Profit and Loss account (1.1.2006) Rs. 5,000			
Transferred to reserve 10% of net profit]			

32. From the following information prepare a cost sheet for the month ending Jan 2012.

	Amount
Stock of raw materials on 1 st Jan 2012	25,000
Stock of raw materials on 31 st Jan 2012	26,200
Purchase of raw materials	21,900
Carriage on Purchases	1,100
Sale of finished goods	72,300
Direct wages	17,200
Non-Productive wages	800
Direct expenses	1,200
Factory overheads	8,300
Administrative overheads	3,200
Selling overheads	4,200

33. From the following information of Mr. X you are required to find out
 (a) P/V ratio (b) B.E.P (c) Profit (d) Margin of safety
 (e) Volume of sales to earn a profit of Rs.6,000
 Total Fixed costs 4,500, Total Variable cost 7,500, Total Sales 15,000.
34. The following are the income statements of X Ltd., for the year ending 31st Dec 2009 and 2008. You are required to prepare a common size income statements for the two years.

Particulars	31.12.08 (Rs.)	31.12.09 (Rs.)
Net sales	10,00,000	12,00,000
Cost of goods sold	5,50,000	6,05,000
Operating expenses:		
Administration	80,000	1,00,000
Selling	60,000	80,000
Non-Operating expenses;		
Interest	40,000	50,000
Income tax	50,000	80,000

35. Profit and Loss Account of X Ltd., is given below
 Profit & Loss A/c

Particulars	Rs.	Particulars	Rs.
To Opening Stock	2,00,000	By sales	16,00,000
To Purchases	12,00,000	By closing stock	3,20,000
To Administration expenses	1,20,000	By Dividend	4,000
To Selling expenses	80,000		
To Interest paid	40,000		
To Loss on sale of assets	5,000		
To Net profit	2,79,000		
	19,24,000		19,24,000

Calculate i) G.P.ratio ii) N.P.ratio iii) Operating ratio iv) Operating profit ratio

36. From the following balance sheet extracts, compute trend percentages of X Ltd., with base year as 2000.

Particulars	2000	2001	2002	2003	2004	2005
Stock (Rs.)	1,50,000	1,70,000	1,90,000	2,30,000	2,20,000	2,00,000
Debtors (Rs.)	1,40,000	1,20,000	80,000	90,000	1,00,000	1,00,000
Cash (Rs.)	60,000	50,000	50,000	60,000	90,000	1,00,000
Current liabilities (Rs.)	3,00,000	3,20,000	3,00,000	2,80,000	2,40,000	2,00,000

37. Following in the Balance Sheet of 'Y' Ltd.

Balance sheet as on 31.12.2010

Liabilities	Rs.	Assets	Rs.
Equity share capital	2,00,000	Machinery	1,20,000
Reserves & Surplus	1,00,000	Buildings	2,80,000
10% Debentures	1,60,000	Stock	80,000
Creditors	1,00,000	Debtors	40,000
Bank Overdraft	40,000	Bills Receivables	20,000
		Cash	60,000
	<u>6,00,000</u>		<u>6,00,000</u>

You are required to calculate (a) current ratio (b) liquid ratio (c) debt-equity ratio (d) working capital.

SECTION – C

ANSWER ANY TWO QUESTIONS:

(2 x 15 = 30)

38. From the following Trial balance of X Ltd. , prepare Trading and Profit and Loss Account for the year ended December 31st 2008 and a balance sheet as on that date:

Trial Balance

Particulars	Debit (Rs.)	Credit (Rs.)
Capital		40,000
Sales		25,000
Purchases	15,000	
Salaries	2,000	
Rent	1,500	
Insurance	300	
Drawings	5,000	
Machinery	28,000	
Bank balance	4,500	
Cash	2,000	
Stock 1.1.2008	5,200	
Debtors	2,500	
Creditors		1,000
	<u>66,000</u>	<u>66,000</u>
Adjustings required :		
(a) Stock on 31.12.2008	Rs.4,900	
(b) Salaries unpaid	Rs.300	
(c) Rent paid in advance	Rs.200	
(d) Insurance prepaid	Rs.90	

39. The Sales turnover and profit during two years were as follows:

Year	Sales (Rs)	Profit (Rs)
2007	1,40,000	15,000
2008	1,60,000	20,000

Calculate ;

- P/V Ratio
- Break -even Point
- Sales required to earn a profit of Rs.40,000
- Fixed expenses
- Profit when sales are Rs.1,20,000.

40. The following particulars are extracted from the records of a company.

	Product A	Product B
Sales (per unit)	Rs. 100	Rs. 120
Consumption of material	2 kg	3 kg
Material cost	Rs. 10	Rs. 15
Direct wages cost	15	10
Direct expenses	5	6
Machine hours used	3	2
Overhead expenses:		
Fixed	5	10
Variable	15	20

Direct wage per hour is Rs. 5. Comment on the profitability of each product (both use the same raw material) when:

- total sales potential in units is limited.
- production capacity (in terms of machine hours) is the limiting factor.
- material is in short supply.
- sales potential in value is limited.

41. X Ltd., furnishes its balance sheet for the year 2009 and 2010 and request you to prepare a comparative balance sheet for those years.

Liabilities	Balance sheet		Assets	2009	2010
	2009 Rs.	2010 Rs.		2009 Rs.	2010 Rs.
Equity share capital	80,000	80,000	Land &		
8% Debentures	80,000	90,000	buildings	80,000	74,000
Retained earnings	40,000	49,000	Plant &		
Sundry creditors	50,000	70,000	machinery	60,000	54,000
Bills payable	10,000	15,000	Furniture	20,000	28,000
			Inventory	40,000	60,000
			Debtors	40,000	80,000
			Cash	20,000	8,000
	<u>2,60,000</u>	<u>3,04,000</u>		<u>2,60,000</u>	<u>3,04,000</u>
