

**STELLA MARIS COLLEGE (AUTONOMOUS) CHENNAI-86**  
**(For candidates admitted during the academic year 2019 – 2020 and thereafter)**  
**SUBJECT CODE: 19VB/VM/PA16**

**B.Voc. DEGREE EXAMINATION, NOVEMBER 2022**  
**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) A fire occurred on 25<sup>th</sup> March 2012 in the godown and stock value of Rs 5000 was destroyed. It was fully insured and the insurance company admitted the claim in full. Pass the necessary Journal entry.
- 2) Calculate the trend percentage for the years 2019 and 2020 from the following data taking 2018 as the base year  
Cash at bank – Rs 20,000(2018)  
Rs 24,000(2019)  
Rs 26,000(2020)
- 3) What is a Cost Centre?
- 4) What does Schedule 13 and Schedule 15 of the financial statements of a Banking Co., deals with?
- 5) State few operating expenses related to insurance business.
- 6) Following information is extracted from the books of S as on 31.3.2018  
Insurance – Rs 14,100. Included in insurance is the amount of Rs 7000 on a policy expiring on 30<sup>th</sup> Sep 2018
- 7) What are the objectives of Financial Statements?
- 8) Calculate the amount of factory overhead  
Machine hours worked – 10000 hours  
Machine hour rate – Rs 4.
- 9) The following transactions are extracted from the books of Karnataka Bank Ltd., post them under the suitable schedule  
Printing and stationary – Rs 2,00,000  
Audit fees – Rs 1,00,000
- 10) Write a note on Life Insurance.

**SECTION – B**

**ANSWER ANY FIVE QUESTIONS** **(5X4=20)**

- 11) Calculate the trend ratios from the following figures of MPM Ltd., taking 2016 as the base and comment thereon:

<b>Year</b>	<b>Sales (Rs)</b>	<b>Stock (Rs)</b>	<b>Profit before tax (Rs)</b>
2016	1,80,000	70,000	32,000
2017	2,30,000	78,100	43,500
2018	2,65,000	81,500	45,700
2019	3,02,000	94,400	52,700
2020	3,76,000	1,15,000	67,300

12) Following are the balances extracted from the books of Manish Gupta on 31st March, 2018:

Particulars	Amt (Rs)	Particulars	Amt (Rs)
Capital	1,90,000	Cash at Bank	26,000
Drawing	7,000	Salaries	8,000
Plant and Machinery	1,20,000	Repairs	1,900
Delivery Vehicle	26,000	Stock on 1st April, 2017	16,000
Sundry Debtors	36,000	Rent	4,500
Sundry Creditors	26,000	Manufacturing Expenses	1,500
Purchases	20,000	Bills Payable	23,500
Sales	42,000	Bad Debts	5,000
Wages	8,000	Carriage	1,600

Prepare Trading & Profit and Loss Account as at 31st March, 2018 after following adjustments are made:

- Closing Stock was ₹ 16,000.
- Depreciate Plant and Machinery @ 10% and Delivery Vehicle @ 15%.
- Unpaid Rent amounted to ₹ 500.

13) From the following Particulars Prepare a Profit and Loss a/c of New bank Ltd., for the year ended 31.12.2017

Particulars	Amount
Interest on Loans	2,60,000
Interest on Fixed Deposits	2,80,000
Commission charged to customers	9,000
Establishment Expenses	56,000
Discount on bills discounted	2,00,000
Interest on Current Accounts	45,000

14) The life assurance fund of an insurance Co., on 31.3.2019 had a balance of Rs 87,76,500. It was later found that the following were not taken into consideration:

Dividend from investment	–	Rs 4,80,000
Income tax on the above	–	Rs 48,000
Bonus in reduction of premium	–	Rs 8,77,500
Claim covered under reinsurance	–	Rs 4,23,000
Claim intimated but not accepted by the Co.,	–	Rs 7,62,000

Ascertain the correct balance of the fund.

15) Following are the income statements of a Co., for the year ending 31.12.2015

Particulars	2015 Rs
Sales	6,00,000
Miscellaneous Income	40,000
	<b>6,40,000</b>
Expenses:	
Cost of goods sold	3,20,000
Administration expenses	30000
Selling & Distribution expenses	41250
Interest	20000
	<b>4,11,250</b>
<b>Net Profit</b>	<b>2,28,750</b>

- Calculate (a) Operating Ratio  
(b) Operating Profit Ratio

- 16) The following data relates to the manufacture of a product during the month of January 2021  
 Raw materials consumed – Rs 80,000  
 Direct wages – Rs 48,000  
 Machine hours - 8000 hrs  
 Machine hour rate – Rs 4  
 Office overhead – 10% of works cost  
 Selling overhead – Re 1.50 per unit  
 Units produced – 4000 uts  
 Units sold – 3600 at Rs 50 each.  
 Prepare a statement of cost and Profit
- 17) A life insurance Co., gets its valuation once in 2 years. The life assurance fund on 31<sup>st</sup> March 2019 amounted to Rs 41,92,000 before providing Rs 32,000 for shareholders dividend for the year 2019-20. Its actuarial valuation as on 31.3.2019 disclosed a net liability of Rs 40,40,000. An interim dividend of Rs 40,000 was paid to the policy holders on 31.3.2019.  
 Prepare a statement showing the amount available as bonus to shareholders.

### SECTION – C

#### ANSWER ANY TWO QUESTIONS

(2X15=30)

- 18) Following are the particulars related to the production of 2000 mobile phones of B Ltd., for the year 2019.  
 Cost of Materials- Rs 1,60,000; Wages- Rs 2,40,000; Manufacturing Expenses – Rs 1,00,000; Salaries – Rs 1,20,000; Rent, rates and Insurance – Rs 20,000; Selling Expenses – Rs 60,000; General Expenses – Rs 40000 and Sales – Rs 8,00,000.  
 The Co., plans to manufacture 3000 mobile phones during 2020. You are required to submit a statement showing the price at which machines would be sold to show a profit of 10% on selling Price. The following additional information is given to you:  
 (A) Price of material is expected to rise by 20%  
 (B) Wages rates are expected to show an increase of 5%  
 (C) Manufacturing expenses will rise in proportion to the combined cost of materials and wages.  
 (D) Selling expenses per unit will remain the same.  
 (E) Other expenses will remain unaffected by the rise in output.

- 19) Following Trial Balance as extracted from the books of Ram as on 31st March, 2018:

Particulars	₹	Particulars	₹
Drawings	70,000	Cash at Bank	1,24,000
Purchases	8,22,100	Cash in Hand	22,100
Sales Return	18,200	Office Furniture	35,000
Stock on 1st April, 2017	1,14,600	Bad Debts	10,000
Salaries	1,61,500	Carriage Outwards	32,400
Wages	85,600	Sundry Debtors	3,89,700
Leasehold Premises	2,50,000		
Rent, Rates and Insurance	69,400	Capital	9,00,000

Carriage Inwards	23,100	Purchases Return	42,400
Office Expenses	95,200	Sales	14,98,400
Plant and Machinery	2,40,000	Provision for Doubtful Debts (1 <sup>st</sup> April, 2017)	42,400
Light and Water (Factory)	79,500	Discount	1,800
Bills Receivable	12,400	Sundry Creditors	1,69,800

Prepare Trading and Profit and Loss Account for the year ended 31st March, 2018 and Balance Sheet as at that date after considering the following:

- Depreciation is to be written off as follows: Leasehold premises 5%. Plant and Machinery 10%.
- Write off ₹ 5,000 as further Bad Debts and make a Provision for Doubtful Debts equal to ₹ 5,000.
- Wages amounted to ₹ 5,700 have become due but have not been paid.
- Wages include ₹ 10,000 incurred on installation of new machine. Machine was installed on 1<sup>st</sup> April, 2017.
- The value of stock on 31st March, 2018 was ₹ 1,49,200.
- Unexpired premium amount to ₹ 6,800 is to be carried forward to the next year.

20) The following are the balance sheets of X Ltd., as on 31<sup>st</sup> March 2019 and 2020. Prepare a Comparative Balance sheet for those years

Liabilities	2019 Rs	2020 Rs	Assets	2019 Rs	2020 Rs
Equity Share capital	80,000	80,000	Land & Buildings	80,000	74,000
8% Debentures	80,000	90,000	Plant & Machinery	60,000	54,000
Retained Earnings	40,000	49,000	Furniture	20,000	28,000
Sundry creditors	50,000	70,000	Inventory	40,000	60,000
Bills Payable	10,000	15,000	Debtors	40,000	80,000
			Cash	20,000	8,000
	<b>2,60,000</b>	<b>3,04,000</b>		<b>2,60,000</b>	<b>3,04,000</b>

### SECTION – D

ANSWER THE FOLLOWING QUESTIONS

(5 X 6 = 30)

- 21) The Gross profit of a firm is Rs 8,24,000 and the expenses before providing managerial remuneration is Rs 5,02,000.
- Provide Manager's Commission at 10% on net profit after charging such commission.
  - Show the net profit before and after accounting for Manager commission.

22) (a) Harper Steel Ltd., has fixed assets worth Rs 20,00,000 and Rs 49,00,000 during the years 2019 and 2020. Make a comparative analysis and comment on the fixed assets position of the Co.,

(b)

Particulars	2019 (Rs)	2020 (Rs)
Sales	6,00,000	8,00,000
Cost of goods sold	3,20,000	5,10,000

Calculate the Gross Profit and interpret on the same by taking sales as the common element.

- 23) Total sales per annum = Rs 5,00,000  
Gross Profit Margin = 25%  
Annual credit sales = 80% of net sales  
Sales return = 20% of sales  
Calculate (i) Net sales (ii) Credit Sales (iii) Gross Profit
- 24) (a) Calculate factory cost from the following  
Direct Materials = Rs 5,00,000  
Direct wages = 100% of Materials  
Direct expenses = 50% of Direct wages  
Factory overheads = 50% of Prime cost
- 25) The Current assets of a firm are Rs 10,00,000 including stock worth Rs 3,00,000 and the total working capital is worth Rs 30,00,000.  
Calculate the amount of (i) Current Liability (ii) Liquid assets  
(iii) Current Ratio

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