

**STELLA MARIS COLLEGE (AUTONOMOUS) CHENNAI – 86**  
**(For candidates admitted from the academic year 2023 – 2024)**

**B.Voc. DEGREE EXAMINATION, NOVEMBER 2023**  
**BANKING, FINANCIAL SERVICES AND INSURANCE**  
**FIRST SEMESTER**

**COURSE : MAJOR CORE**  
**PAPER : PRINCIPLES AND PRACTICES OF ACCOUNTING**  
**SUBJECT CODE : 23VB/VM/PA16**  
**TIME : 3 HOURS** **MAX. MARKS: 100**

<b>SECTION A</b>		<b>(5 x 2 =10)</b>																			
<b>Q.No.</b>	<b>Answer all questions</b>	<b>CO</b>	<b>KL</b>																		
<b>1</b>	Pass adjusting entries for the following on 31st March, 2023. i. Write off bad debts by Rs.500. ii. Depreciate furniture by Rs.1,000.	<b>1</b>	<b>1</b>																		
<b>2</b>	From the following figures calculate the Creditors Turnover Ratio. Credit purchase in 2022– Rs.10,00,000 Creditors on 1.1.2022 – Rs.2,00,000 Creditors on 31.12.2022 – Rs.1,00,000 Bills payable on 1.1.2022 – Rs.40,000 Bills payable on 31.12.2022 – Rs.60,000	<b>1</b>	<b>1</b>																		
<b>3</b>	Calculate prime cost from the following information: - Direct material - Rs.40,000, Direct labour - Rs.30,000 Direct expenses – Rs.2.000	<b>1</b>	<b>1</b>																		
<b>4</b>	What is meant by Marginal Costing?	<b>1</b>	<b>1</b>																		
<b>5</b>	What is the meaning of Cash Budget?	<b>1</b>	<b>1</b>																		
<b>SECTION B</b>		<b>(4 x 5 = 20)</b>																			
<b>Q.No.</b>	<b>Answer any 4 questions</b>	<b>CO</b>	<b>KL</b>																		
<b>6</b>	Prepare a trading account of a trader for the year ending 31st December 2016 from the following data: - <table border="1" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th>Particulars</th> <th>Rs.</th> </tr> </thead> <tbody> <tr> <td>Opening Stock (1-1-2016)</td> <td align="right">50,000</td> </tr> <tr> <td>Goods purchased during 2016</td> <td align="right">2,80,000</td> </tr> <tr> <td>Freight and Packing on the above</td> <td align="right">20,000</td> </tr> <tr> <td>Closing Stock (31-12-2016)</td> <td align="right">60,000</td> </tr> <tr> <td>Sales</td> <td align="right">3,80,000</td> </tr> <tr> <td>Packing expenses on sales for distribution</td> <td align="right">12,000</td> </tr> </tbody> </table>	Particulars	Rs.	Opening Stock (1-1-2016)	50,000	Goods purchased during 2016	2,80,000	Freight and Packing on the above	20,000	Closing Stock (31-12-2016)	60,000	Sales	3,80,000	Packing expenses on sales for distribution	12,000	<b>2</b>	<b>2</b>				
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<b>7</b>	Calculate the trend percentage for the following taking the year 2018 as the base year. <table border="1" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th></th> <th>2018 Rs.</th> <th>2019 Rs.</th> <th>2020 Rs.</th> <th>2021 Rs.</th> <th>2022 Rs.</th> </tr> </thead> <tbody> <tr> <td>Sales</td> <td align="right">5,00,000</td> <td align="right">6,00,000</td> <td align="right">6,50,000</td> <td align="right">7,00,000</td> <td align="right">8,00,000</td> </tr> <tr> <td>Cost of sales</td> <td align="right">4,00,000</td> <td align="right">4,40,000</td> <td align="right">5,00,000</td> <td align="right">5,20,000</td> <td align="right">5,60,000</td> </tr> </tbody> </table>		2018 Rs.	2019 Rs.	2020 Rs.	2021 Rs.	2022 Rs.	Sales	5,00,000	6,00,000	6,50,000	7,00,000	8,00,000	Cost of sales	4,00,000	4,40,000	5,00,000	5,20,000	5,60,000	<b>2</b>	<b>2</b>
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8	<p>The following cost data are available from the books for the year ended 31.12.2018.</p> <table style="margin-left: auto; margin-right: auto;"> <tr><td></td><td style="text-align: center;">Rs.</td></tr> <tr><td>Direct material</td><td style="text-align: right;">9,00,000</td></tr> <tr><td>Direct wages</td><td style="text-align: right;">7,50,000</td></tr> <tr><td>Profit</td><td style="text-align: right;">6,09,000</td></tr> <tr><td>Selling and distribution expenses</td><td style="text-align: right;">5,25,000</td></tr> <tr><td>Administrative overheads</td><td style="text-align: right;">4,20,000</td></tr> <tr><td>Factory Overheads</td><td style="text-align: right;">4,50,000</td></tr> </table> <p>Prepare a cost sheet.</p>		Rs.	Direct material	9,00,000	Direct wages	7,50,000	Profit	6,09,000	Selling and distribution expenses	5,25,000	Administrative overheads	4,20,000	Factory Overheads	4,50,000	2	2														
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9	<p>You are given the following data:          Total Cost Rs.80,000; Fixed cost Rs.20,000; Net profit Rs.20,000;          Sales Rs.1,00,000          Find (a) P/V Ratio (b) B.E.P (c) Margin of Safety.</p>	2	2																												
10	<p>Prepare a production Budget for three months ending December, 2006 for a factory producing four products, on the basis of the following information:</p> <table border="1" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th>Type of Product</th> <th>Estimated stock on 1<sup>st</sup> January, 2016</th> <th>Estimated stock sales during the year</th> <th>Desired Closing Stock on December 31<sup>st</sup>, 2016</th> </tr> </thead> <tbody> <tr><td>A</td><td style="text-align: center;">2,000</td><td style="text-align: center;">10,000</td><td style="text-align: center;">3,000</td></tr> <tr><td>B</td><td style="text-align: center;">3,000</td><td style="text-align: center;">15,000</td><td style="text-align: center;">5,000</td></tr> <tr><td>C</td><td style="text-align: center;">4,000</td><td style="text-align: center;">13,000</td><td style="text-align: center;">3,000</td></tr> <tr><td>D</td><td style="text-align: center;">3,000</td><td style="text-align: center;">12,000</td><td style="text-align: center;">2,000</td></tr> </tbody> </table>	Type of Product	Estimated stock on 1 <sup>st</sup> January, 2016	Estimated stock sales during the year	Desired Closing Stock on December 31 <sup>st</sup> , 2016	A	2,000	10,000	3,000	B	3,000	15,000	5,000	C	4,000	13,000	3,000	D	3,000	12,000	2,000	2	2								
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11.	Define Budget. What are the various types of Budgets?	2	2																												
<b>SECTION C (4 x 10 =40)</b>																															
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12a.	<p>Prepare Trading and Profit and Loss account from the information given below:</p> <table border="1" style="margin-left: auto; margin-right: auto;"> <tr> <td>Opening stock</td><td style="text-align: right;">Rs .3,600</td> <td>Rent (Factory)</td><td style="text-align: right;">Rs.400</td> </tr> <tr> <td>Purchases</td><td style="text-align: right;">Rs.18,260</td> <td>Rent (Office)</td><td style="text-align: right;">Rs.500</td> </tr> <tr> <td>Wages</td><td style="text-align: right;">Rs. 3,620</td> <td>Sales returns</td><td style="text-align: right;">Rs.700</td> </tr> <tr> <td>Closing stock</td><td style="text-align: right;">Rs. 4,420</td> <td>Purchase returns</td><td style="text-align: right;">Rs.900</td> </tr> <tr> <td>Sales</td><td style="text-align: right;">Rs.32,000</td> <td>General expenses</td><td style="text-align: right;">Rs.900</td> </tr> <tr> <td>Carriage on purchase</td><td style="text-align: right;">Rs. 500</td> <td>Discount to customers</td><td style="text-align: right;">Rs.360</td> </tr> <tr> <td>Carriage on sales</td><td style="text-align: right;">Rs. 400</td> <td>Interest from bank</td><td style="text-align: right;">Rs.200</td> </tr> </table>	Opening stock	Rs .3,600	Rent (Factory)	Rs.400	Purchases	Rs.18,260	Rent (Office)	Rs.500	Wages	Rs. 3,620	Sales returns	Rs.700	Closing stock	Rs. 4,420	Purchase returns	Rs.900	Sales	Rs.32,000	General expenses	Rs.900	Carriage on purchase	Rs. 500	Discount to customers	Rs.360	Carriage on sales	Rs. 400	Interest from bank	Rs.200	3	3
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12b.	<p>During the year 2018, X Ltd., produced 50,000 units of a product. The following were the expenses:</p> <table style="margin-left: auto; margin-right: auto;"> <tr><td></td><td style="text-align: center;">Rs.</td></tr> <tr><td>Stock of raw materials on 1.1.2018</td><td style="text-align: right;">10,000</td></tr> <tr><td>Stock of raw materials on 31.12.2018</td><td style="text-align: right;">20,000</td></tr> <tr><td>Purchases</td><td style="text-align: right;">1,60,000</td></tr> <tr><td>Direct wages</td><td style="text-align: right;">75,000</td></tr> <tr><td>Direct expenses</td><td style="text-align: right;">25,000</td></tr> <tr><td>Factory expenses</td><td style="text-align: right;">37,500</td></tr> <tr><td>Office expenses</td><td style="text-align: right;">62,500</td></tr> <tr><td>Selling expenses</td><td style="text-align: right;">25,000</td></tr> </table> <p>You are required to prepare a Cost sheet showing cost per unit and total cost at each state.</p>		Rs.	Stock of raw materials on 1.1.2018	10,000	Stock of raw materials on 31.12.2018	20,000	Purchases	1,60,000	Direct wages	75,000	Direct expenses	25,000	Factory expenses	37,500	Office expenses	62,500	Selling expenses	25,000	3	3										
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<b>13a.</b>	The following are the Balance Sheets of 'X' Ltd., and 'Y' Ltd., as on 31 <sup>st</sup> March 2015. Comment on their position by preparing common size balance sheets.	<b>3</b>	<b>3</b>																																																								
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<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 30%;">Liabilities</th> <th style="width: 15%;">X Ltd. Rs.</th> <th style="width: 15%;">Y Ltd. Rs.</th> <th style="width: 30%;">Assets</th> <th style="width: 15%;">X Ltd. Rs.</th> <th style="width: 15%;">Y Ltd. Rs.</th> </tr> </thead> <tbody> <tr> <td>Share capital</td> <td>25,00,000</td> <td>40,000</td> <td>Fixed assets</td> <td>60,00,000</td> <td>80,000</td> </tr> <tr> <td>Reserves</td> <td>10,00,000</td> <td>60,000</td> <td>Stock</td> <td>20,00,000</td> <td>20,000</td> </tr> <tr> <td>10%</td> <td></td> <td>-</td> <td>Debtors</td> <td>50,00,000</td> <td>15,000</td> </tr> <tr> <td>Debentures</td> <td>40,00,000</td> <td>10,000</td> <td>Bills</td> <td>10,00,000</td> <td>10,000</td> </tr> <tr> <td>Term loans</td> <td>60,00,000</td> <td>20,000</td> <td>Receivable</td> <td>20,00,000</td> <td></td> </tr> <tr> <td>Creditors</td> <td>20,00,000</td> <td>10,000</td> <td>Cash at Bank</td> <td></td> <td>15,000</td> </tr> <tr> <td>Bills payable</td> <td>5,00,000</td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td></td> <td style="border-top: 1px solid black;">1,60,00,000</td> <td style="border-top: 1px solid black;">1,40,000</td> <td></td> <td style="border-top: 1px solid black;">1,60,00,000</td> <td style="border-top: 1px solid black;">1,40,000</td> </tr> </tbody> </table>	Liabilities	X Ltd. Rs.	Y Ltd. Rs.	Assets	X Ltd. Rs.	Y Ltd. Rs.	Share capital	25,00,000	40,000	Fixed assets	60,00,000	80,000	Reserves	10,00,000	60,000	Stock	20,00,000	20,000	10%		-	Debtors	50,00,000	15,000	Debentures	40,00,000	10,000	Bills	10,00,000	10,000	Term loans	60,00,000	20,000	Receivable	20,00,000		Creditors	20,00,000	10,000	Cash at Bank		15,000	Bills payable	5,00,000						1,60,00,000	1,40,000		1,60,00,000	1,40,000					
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<b>13b.</b>	Following is the profit and Loss A/c of a company for the year ending 31-12-2015.	<b>3</b>	<b>3</b>																																																								
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14a.	Draw a statement of cost from the following particulars: -	4	4																												
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14b.	<p>You are given the following data for the year 2007 of a concern  Variable Cost Rs.6,00,000; Fixed cost Rs.3,00,000; Net profit Rs.1,00,000;  Sales Rs.10,00,000  Find (a) P/V Ratio (b) B.E.P (c) Profit when sales is Rs.12,00,000 (d) Sales in Rupees to earn a profit of Rs.2,00,000.</p>	4	4																												
15a.	<p>XYZ company wishes to arrange O.D. facilities with its bankers during the period April – June, when it will be manufacturing mostly for stock.</p> <p>i. Prepare a cash budget for the above period from the following data:</p> <table border="1" data-bbox="252 1115 837 1377"> <thead> <tr> <th>Months</th> <th>Sales Rs.</th> <th>Purchases Rs.</th> <th>Wages Rs.</th> </tr> </thead> <tbody> <tr> <td>February</td> <td>1,80,000</td> <td>1,24,000</td> <td>12,000</td> </tr> <tr> <td>March</td> <td>1,92,000</td> <td>1,44,000</td> <td>14,000</td> </tr> <tr> <td>April</td> <td>1,08,000</td> <td>2,43,000</td> <td>11,000</td> </tr> <tr> <td>May</td> <td>1,74,000</td> <td>2,46,000</td> <td>10,000</td> </tr> <tr> <td>June</td> <td>1,26,000</td> <td>2,68,000</td> <td>15,000</td> </tr> </tbody> </table> <p>ii. 50% of credit sales is realized in the month following the sale and the other 50% in the second month following. Creditors are paid in the month following the month of purchase.</p> <p>iii. Wages are paid at the end of the respective month</p> <p>iv. Cash at bank – 1<sup>st</sup> April – Rs.25,000.</p>	Months	Sales Rs.	Purchases Rs.	Wages Rs.	February	1,80,000	1,24,000	12,000	March	1,92,000	1,44,000	14,000	April	1,08,000	2,43,000	11,000	May	1,74,000	2,46,000	10,000	June	1,26,000	2,68,000	15,000	4	4				
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15b.	<p>A manufacturing company finds that while the cost of making components is Rs.10, The same is available in the market at Rs.9 with an assurance of continued supply. Give your suggestion whether to make or buy this part. Give also your views in case the supplier reduces the price from Rs.9 to Rs.8. The cost information is as follows:</p> <table border="1" data-bbox="252 1818 742 2049"> <thead> <tr> <th>Particulars</th> <th>Rs</th> </tr> </thead> <tbody> <tr> <td>Materials</td> <td>3.50</td> </tr> <tr> <td>Labour</td> <td>4.00</td> </tr> <tr> <td>Other variable expenses</td> <td>1.00</td> </tr> <tr> <td>Fixed expenses</td> <td>1.50</td> </tr> <tr> <td>Total</td> <td>10.00</td> </tr> </tbody> </table>	Particulars	Rs	Materials	3.50	Labour	4.00	Other variable expenses	1.00	Fixed expenses	1.50	Total	10.00	4	4																
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Q. No.	SECTION D Answer any 2 questions (2 x 15 = 30)	CO	KL																																																												
16	<p>The following are the balances extracted from the books of Ganesh as on 31-12-2016. Prepare Trading and Profit and Loss account for the year ending 31-12-2016 and a Balance Sheet as on that date.</p> <p style="text-align: center;">Trial Balance as on 31-12-2016</p> <table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: left;">Debit Balances</th> <th style="text-align: right;">Rs.</th> <th style="text-align: left;">Credit Balances</th> <th style="text-align: right;">Rs.</th> </tr> </thead> <tbody> <tr> <td>Drawings</td> <td style="text-align: right;">4,000</td> <td>Capital</td> <td style="text-align: right;">20,000</td> </tr> <tr> <td>Cash at Bank</td> <td style="text-align: right;">1,700</td> <td>Sales</td> <td style="text-align: right;">16,000</td> </tr> <tr> <td>Cash in hand</td> <td style="text-align: right;">6,500</td> <td>Sundry creditors</td> <td style="text-align: right;">4,500</td> </tr> <tr> <td>Wages</td> <td style="text-align: right;">1,000</td> <td></td> <td></td> </tr> <tr> <td>Purchases</td> <td style="text-align: right;">2,000</td> <td></td> <td></td> </tr> <tr> <td>Stock 1-1-16</td> <td style="text-align: right;">6,000</td> <td></td> <td></td> </tr> <tr> <td>Building</td> <td style="text-align: right;">10,000</td> <td></td> <td></td> </tr> <tr> <td>Debtors</td> <td style="text-align: right;">4,400</td> <td></td> <td></td> </tr> <tr> <td>Bills receivable</td> <td style="text-align: right;">2,900</td> <td></td> <td></td> </tr> <tr> <td>Rent</td> <td style="text-align: right;">450</td> <td></td> <td></td> </tr> <tr> <td>Commission</td> <td style="text-align: right;">250</td> <td></td> <td></td> </tr> <tr> <td>General expenses</td> <td style="text-align: right;">800</td> <td></td> <td></td> </tr> <tr> <td>Furniture</td> <td style="text-align: right;">500</td> <td></td> <td></td> </tr> <tr> <td><b>Total</b></td> <td style="text-align: right;"><b>40,500</b></td> <td><b>Total</b></td> <td style="text-align: right;"><b>40,500</b></td> </tr> </tbody> </table> <p>The following adjustments are to be made:</p> <ol style="list-style-type: none"> <li>a. Stock on 31-12-2016 was Rs.4,000</li> <li>b. Interest on capital at 6% to be provided</li> <li>c. Interest on Drawings at 5% to be provided</li> <li>d. Wages yet to be paid Rs.100</li> <li>e. Rent prepaid Rs.50</li> </ol>	Debit Balances	Rs.	Credit Balances	Rs.	Drawings	4,000	Capital	20,000	Cash at Bank	1,700	Sales	16,000	Cash in hand	6,500	Sundry creditors	4,500	Wages	1,000			Purchases	2,000			Stock 1-1-16	6,000			Building	10,000			Debtors	4,400			Bills receivable	2,900			Rent	450			Commission	250			General expenses	800			Furniture	500			<b>Total</b>	<b>40,500</b>	<b>Total</b>	<b>40,500</b>	5	5
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17	<p>From the following information, prepare a Balance Sheet. Give the workings also.</p> <ol style="list-style-type: none"> <li>i. Working capital - Rs. 75,000</li> <li>ii. Reserves and surplus - Rs.1,00,000</li> <li>iii. Bank overdraft - Rs. 60,000</li> <li>iv. Current ratio - 1.75</li> <li>v. Liquid ratio - 1.15</li> <li>vi. Fixed assets to proprietors' funds - 0.75</li> <li>vii. Long term liabilities - Nil</li> </ol>	5	5																																																												
18	<p>Prepare a flexible budget for the overheads on the basis of the following data.</p> <p><b>Ascertain overheads rates at 50%, 60% and 70% capacity</b></p> <p><b>Variable Overheads at 60% capacity</b></p> <table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th></th> <th style="text-align: right;">Rs.</th> </tr> </thead> <tbody> <tr> <td>Indirect material</td> <td style="text-align: right;">6,000</td> </tr> <tr> <td>Indirect labour</td> <td style="text-align: right;">18,000</td> </tr> <tr> <td><b>Semi- variable overheads</b></td> <td></td> </tr> <tr> <td>Electricity (40% fixed)</td> <td style="text-align: right;">30,000</td> </tr> <tr> <td>Repairs (80% fixed)</td> <td style="text-align: right;">3,000</td> </tr> <tr> <td><b>Fixed overheads</b></td> <td></td> </tr> <tr> <td>Depreciation</td> <td style="text-align: right;">16,500</td> </tr> <tr> <td>Insurance</td> <td style="text-align: right;">4,500</td> </tr> <tr> <td>Salaries</td> <td style="text-align: right;">15,000</td> </tr> <tr> <td><b>Total Overheads</b></td> <td style="text-align: right;"><b>93,000</b></td> </tr> <tr> <td>Estimated direct labour hours</td> <td style="text-align: right;">1,86,000</td> </tr> </tbody> </table>		Rs.	Indirect material	6,000	Indirect labour	18,000	<b>Semi- variable overheads</b>		Electricity (40% fixed)	30,000	Repairs (80% fixed)	3,000	<b>Fixed overheads</b>		Depreciation	16,500	Insurance	4,500	Salaries	15,000	<b>Total Overheads</b>	<b>93,000</b>	Estimated direct labour hours	1,86,000	5	5																																				
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