

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

B.VOC. DEGREE EXAMINATION - NOVEMBER 2024
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**

SECTION A																						
Q.No.	Answer all questions:	(5 x 2 = 10)	CO	KL																		
1	Goods costing Rs. 8,000 were distributed as free samples. Pass the relevant journal entry.		1	K1																		
2	State whether the following items are direct or indirect material and labour: a) Bottles used for filling soft drinks b) Wages paid to maintenance workers c) Paper used for printing a book d) Salesmen Commission		1	K1																		
3	Calculate Debtors Turnover Ratio: Total sales for the year 2023 – Rs. 1,00,000 Cash sales for the year 2023 – Rs. 20,000 Debtors as on 1.1.2023 - Rs. 10,000 Debtors as on 31.12.2023 - Rs. 15,000 Bills Receivable as on 1.1.2023 - Rs. 7,500 Bills receivable as on 31.12.2023 - Rs. 12,500		1	K1																		
4	Find out the Contribution from the following data: Variable Cost – Rs. 50,000; Fixed Cost – Rs. 20,000; Sales - Rs. 80,000		1	K1																		
5	What is meant by Deferred Revenue Expenditure?		1	K1																		
SECTION B																						
Q. No	Answer any four questions:	(4x5=20)	CO	KL																		
6	Describe the importance of analyzing financial statements.		2	K2																		
7	The Net Profit of a business after taking into account all expenses except commission are Rs. 1,05,000. Compute the commission of the manager at 5% of the net profit after charging such commission. Pass the relevant journal entry.		2	K2																		
8	From the following particulars, prepare a Production Budget of Abi Enterprises for the year ended 31 st March 2023.		2	K2																		
<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th rowspan="2" style="width: 15%;">Product</th> <th rowspan="2" style="width: 15%;">Sales (Units)</th> <th colspan="2" style="width: 70%;">Estimated Stock (Units)</th> </tr> <tr> <th style="width: 35%;">1st April 2022</th> <th style="width: 35%;">31st March 2023</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">A</td> <td style="text-align: center;">1,50,000</td> <td style="text-align: center;">14,000</td> <td style="text-align: center;">15,000</td> </tr> <tr> <td style="text-align: center;">B</td> <td style="text-align: center;">1,00,000</td> <td style="text-align: center;">5,000</td> <td style="text-align: center;">4,500</td> </tr> <tr> <td style="text-align: center;">C</td> <td style="text-align: center;">70,000</td> <td style="text-align: center;">8,000</td> <td style="text-align: center;">8,000</td> </tr> </tbody> </table>					Product	Sales (Units)	Estimated Stock (Units)		1 st April 2022	31 st March 2023	A	1,50,000	14,000	15,000	B	1,00,000	5,000	4,500	C	70,000	8,000	8,000
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9	Calculate Debt Equity Ratio from the following:		2	K2																		
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10	Prepare the trend ratios from the following figures of MGM Company taking 2019 as the base year.	2	K2																																												
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11	On 1.4.2022, the balance of Provision for Doubtful Debts was Rs.5,000. The Bad Debts during the year were Rs. 900. The Sundry Debtors as on 31.3.2023 stood at Rs.40,400. Out of these debtors Rs. 400 are bad and cannot be realized. The Provision for doubtful debts is to be raised to 5% on Sundry Debtors. Show the necessary entries in Sundry Debtors account, Bad Debts account and Provision for Bad debts account.	2	K2																																												
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12 a	The following are the ledger balances taken from the books of Davos: <table border="1"> <thead> <tr> <th>Particulars</th> <th>Amt (Rs)</th> <th>Particulars</th> <th>Amt (Rs)</th> </tr> </thead> <tbody> <tr> <td>Davos Capital</td> <td>50,000</td> <td>Sales</td> <td>3,01,000</td> </tr> <tr> <td>Bank Overdraft</td> <td>8,400</td> <td>Return Inwards</td> <td>5,000</td> </tr> <tr> <td>Furniture</td> <td>5,200</td> <td>Discount (Cr)</td> <td>800</td> </tr> <tr> <td>Business Premises</td> <td>40,000</td> <td>Taxes and Insurance</td> <td>4,000</td> </tr> <tr> <td>Creditors</td> <td>26,600</td> <td>General Expenses</td> <td>8,000</td> </tr> <tr> <td>Opening Stock (1.4.2022)</td> <td>44000</td> <td>Salaries</td> <td>18,000</td> </tr> <tr> <td>Debtors</td> <td>36,000</td> <td>Commission Allowed</td> <td>4,400</td> </tr> <tr> <td>Rent from tenants</td> <td>2,000</td> <td>Carriage on Purchases</td> <td>3,600</td> </tr> <tr> <td>Purchases</td> <td>2,20,000</td> <td>Provision for doubtful debts</td> <td>1,000</td> </tr> <tr> <td>Bad debts written off</td> <td>1,600</td> <td></td> <td></td> </tr> </tbody> </table> <p>Adjustments:</p> <ol style="list-style-type: none"> Stock in hand on 31.3.2023 was estimated at Rs. 40,120. Write off depreciation on business premises Rs.600 and furniture Rs.520. Make a provision of 5% on debtors for bad and doubtful debts. Allow interest on capital at 5% and carry forward Rs. 1,400 for unexpired insurance. <p>Prepare final accounts for the year ended 31.3.2023</p>	Particulars	Amt (Rs)	Particulars	Amt (Rs)	Davos Capital	50,000	Sales	3,01,000	Bank Overdraft	8,400	Return Inwards	5,000	Furniture	5,200	Discount (Cr)	800	Business Premises	40,000	Taxes and Insurance	4,000	Creditors	26,600	General Expenses	8,000	Opening Stock (1.4.2022)	44000	Salaries	18,000	Debtors	36,000	Commission Allowed	4,400	Rent from tenants	2,000	Carriage on Purchases	3,600	Purchases	2,20,000	Provision for doubtful debts	1,000	Bad debts written off	1,600			3	K3
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12 b	<p style="text-align: center;">(OR)</p> <p>Following is the data of PWD Co :- Variable Cost – Rs. 6,00,000 ; Fixed Cost – Rs. 3,00,000 Profit – Rs. 1,00,000 ; Sales – Rs. 10,00,000</p> <p>Prepare (i) Profit/Volume Ratio (ii) Profit when Sales amounted to Rs. 12,00,000 (iii) Break Even Point (iv) Sales required to earn a profit of Rs. 2,00,000</p>	3	K3																																												

13 a	<p>In a factory 20,000 units of Product A were manufactured in the month of August 2023. Prepare a cost sheet :</p> <p>Opening Stock of Raw materials - Rs. 5,000 Purchases of Raw materials - Rs. 55,000 Closing stock of raw materials - Rs. 10,000 Direct wages - Rs. 25,000 Factory Overheads - Rs. 40,000 Administration overheads - Rs. 20,000</p> <p style="text-align: center;">(OR)</p>	4	K4																																	
13 b	<p>Calculate Net Profit Ratio and Operating Profit Ratio from the following:</p> <table border="1" data-bbox="347 524 1054 786"> <thead> <tr> <th>Particulars</th> <th>Amount (Rs.)</th> </tr> </thead> <tbody> <tr> <td>Sales</td> <td>2,00,000</td> </tr> <tr> <td>Gross Profit</td> <td>70,000</td> </tr> <tr> <td>Selling Expenses</td> <td>10,000</td> </tr> <tr> <td>Administration Expenses</td> <td>20,000</td> </tr> <tr> <td>Income from Investments</td> <td>10,000</td> </tr> <tr> <td>Loss due to fire</td> <td>12,000</td> </tr> </tbody> </table>	Particulars	Amount (Rs.)	Sales	2,00,000	Gross Profit	70,000	Selling Expenses	10,000	Administration Expenses	20,000	Income from Investments	10,000	Loss due to fire	12,000	4	K4																			
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14 a	<p>From the following P&L Account of HLM Co. Ltd for the year ending 31st March 2022 and 31st March 2023, Prepare a Comparative Income Statement.</p> <table border="1" data-bbox="347 920 1283 1375"> <thead> <tr> <th>Particulars</th> <th>31.3.2023 (Rs.)</th> <th>31.3.2022 (Rs.)</th> </tr> </thead> <tbody> <tr> <td>Sales</td> <td>12,80,000</td> <td>9,60,000</td> </tr> <tr> <td>Less : Cost of goods sold</td> <td>7,12,000</td> <td>4,96,000</td> </tr> <tr> <td>Gross Profit</td> <td>5,68,000</td> <td>4,64,000</td> </tr> <tr> <td>Less: Administrative Expenses</td> <td>2,56,000</td> <td>1,76,000</td> </tr> <tr> <td>Selling Expenses</td> <td>1,44,000</td> <td>1,68,000</td> </tr> <tr> <td>Interest Charges</td> <td>6,400</td> <td>9,600</td> </tr> <tr> <td>Total</td> <td>4,06,400</td> <td>3,53,600</td> </tr> <tr> <td>Net Profit before Income Tax</td> <td>1,61,600</td> <td>1,10,400</td> </tr> <tr> <td>Less: Income Tax @ 50%</td> <td>80,800</td> <td>55,200</td> </tr> <tr> <td></td> <td>80,800</td> <td>55,200</td> </tr> </tbody> </table> <p style="text-align: center;">(OR)</p>	Particulars	31.3.2023 (Rs.)	31.3.2022 (Rs.)	Sales	12,80,000	9,60,000	Less : Cost of goods sold	7,12,000	4,96,000	Gross Profit	5,68,000	4,64,000	Less: Administrative Expenses	2,56,000	1,76,000	Selling Expenses	1,44,000	1,68,000	Interest Charges	6,400	9,600	Total	4,06,400	3,53,600	Net Profit before Income Tax	1,61,600	1,10,400	Less: Income Tax @ 50%	80,800	55,200		80,800	55,200	3	K3
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14 b	<p>The following information of a company is presented to take key decisions.</p> <table border="1" data-bbox="308 1480 1259 1783"> <thead> <tr> <th rowspan="2">Particulars</th> <th>Product A</th> <th>Product B</th> </tr> <tr> <th>Amt (Rs.) / Unit</th> <th>Amt (Rs.) / Unit</th> </tr> </thead> <tbody> <tr> <td>Selling Price</td> <td>200</td> <td>500</td> </tr> <tr> <td>Material (Rs. 20 per litre)</td> <td>40</td> <td>160</td> </tr> <tr> <td>Labour (Rs. 10 per hour)</td> <td>50</td> <td>100</td> </tr> <tr> <td>Variable Overhead</td> <td>20</td> <td>40</td> </tr> <tr> <td>Total Fixed Overheads – Rs. 15,000</td> <td></td> <td></td> </tr> </tbody> </table> <p>Comment on the profitability of each product when:</p> <p>a) Raw material is in short supply b) Production capacity is limited</p>	Particulars	Product A	Product B	Amt (Rs.) / Unit	Amt (Rs.) / Unit	Selling Price	200	500	Material (Rs. 20 per litre)	40	160	Labour (Rs. 10 per hour)	50	100	Variable Overhead	20	40	Total Fixed Overheads – Rs. 15,000			3	K3													
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15 a	<p>From the following information, prepare a cash budget for the period, January 2023 to April 2023:</p> <table border="1" data-bbox="347 230 1257 421"> <thead> <tr> <th>Period</th> <th>Expected Sales (Rs.)</th> <th>Expected Purchases (Rs.)</th> </tr> </thead> <tbody> <tr> <td>January</td> <td>60,000</td> <td>48,000</td> </tr> <tr> <td>February</td> <td>40,000</td> <td>45,000</td> </tr> <tr> <td>March</td> <td>45,000</td> <td>31,000</td> </tr> <tr> <td>April</td> <td>40,000</td> <td>40,000</td> </tr> </tbody> </table> <p>Wages paid to workers @Rs. 5000 p.m. Cash balance of 1st January 2023 can be assumed as Rs. 8000.</p> <p style="text-align: center;">(OR)</p>	Period	Expected Sales (Rs.)	Expected Purchases (Rs.)	January	60,000	48,000	February	40,000	45,000	March	45,000	31,000	April	40,000	40,000	4	K4																																																									
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	<p>Adjustments:</p> <ol style="list-style-type: none"> 1) Closing stock of finished goods is valued at Rs.4,00,000. 2) Depreciate furniture at 10% p.a. and machinery @20% p.a. on WDV method. 3) Rent of Rs. 5,000 paid in advance 4) Salaries & Wages outstanding is Rs. 30,000. 5) Make a provision for Doubtful debts @ 5% on Debtors. 6) Commission receivable is Rs. 5,000. 																				
17	<p>XYZ Ltd. presents the following information for the year ending March 2023.</p> <table border="1" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th style="text-align: center;">Particulars</th> <th style="text-align: center;">Amount (Rs.)</th> </tr> </thead> <tbody> <tr> <td>Opening Stock of Raw Materials</td> <td style="text-align: right;">10,000</td> </tr> <tr> <td>Closing Stock of Raw materials</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> </tbody> </table> <p>The number of units produced were 50,000. Prepare a Cost sheet showing the final cost of sales.</p>	Particulars	Amount (Rs.)	Opening Stock of Raw Materials	10,000	Closing Stock of Raw materials	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	5	K5
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