

STELLA MARIS COLLEGE (AUTONOMOUS) CHENNAI – 600 086.
(For candidates admitted during the academic year 2004-2005 & thereafter)

SUBJECT CODE : **CM/AC/AP43**

B.Sc. DEGREE EXAMINATION APRIL 2007
BRANCH I – MATHEMATICS
FOURTH SEMESTER

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

SECTION - A

ANSWER ALL QUESTIONS: (10 x 3 = 30)

1. What is double entry system of accounting?
2. State the difference between receipts and payments and Income and Expenditure account.
3. What is overheads? How is it different from direct costs? Illustrate.
4. Explain two applications of contribution.
5. Explain two liquidity ratios.
6. How would you adjust the following in the final accounts of a sole proprietor -
 - a) Depreciation at 10% on Building of the value of Rs.2,50,000.
 - b) Annual Insurance premium paid Rs.2,400 for the accounting year ending 31.12.2006, on 1.4.2006.
7. From the following details, ascertain the amount of subscription to be credited to income and expenditure account for the year 2006 :
 - a) Subscription received for 2005 – Rs.68,000.
 - b) Subscription received for 2005 included in the above – Rs.15,000.
 - c) Subscription received in advance for 2006 in 2005 – Rs.22,000.
8. Compute Prime cost from the following information:
 - a) Opening and closing stock of materials – Rs.20,000 and Rs.35,000.
 - b) Purchase of material during the year – Rs.2,40,000.
 - c) Freight charges on purchases – Rs.10,000.
 - d) Direct labour cost Rs.56,000.
9. Calculate Break even point:

	2005 (Rs.)	2006 (Rs.)
Profit	50,000	80,000
Sales	2,00,000	2,50,000

10. Ascertain gross profit, and net profit ratios :
- Sales – Rs.5,00,000
 - Cost of goods sold – Rs.2,35,000
 - Administrative and selling expenses – Rs.1,15,000.

SECTION - B

ANSWER ANY TWO QUESTIONS:

(5 x 8 = 40)

11. Prepare Trading Accounting of Ascon Ltd. for the year ending 31.12.2006, from the following informations:

	Rs.
Opening stock	80,000
Purchases	1,50,000
Freight inwards	37,000
Wages	1,00,000
Sales	8,50,000
Returns inwards	25,000
Returns outwards	22,000
Salaries	50,000
Bad debts	10,000
Import duty on purchases	10,000

12. Prepare Receipts and Payments account of Akshay club for the year ended 31st December 2006, from the following particulars:

	Rs.
Cash as on 1.1.2006	40,000
Entrance fees received	8,000
Subscription received for 2006	26,000
Subscription received for 2005	5,000
Salaries	4,000
Miscellaneous expenses	800
Rent	2,000
Cricket balls purchased	500
Books and periodicals	1,000
Stationery	450

13. From the following information, prepare a statement of cost for Ashwin Traders for March 2006:

Raw material consumed	Rs.91,000
Direct wages	Rs.29,000
Other direct expenses	Rs.11,000
Factory overheads – 80% of direct wages	
Other overheads – 10% of works cost	
Selling and distribution overhead Rs.2 per unit sold	
Units produced and sold during the month – 10,000	
Find the selling price per unit if the profit is 20% of the selling price.	
There was no stock at the beginning or at the end.	

14. From the following data calculate:
- P/V Ratio
 - Profit when sales are Rs.20,000 and
 - New Break even point if selling price is reduced by 20%

Fixed expenses Rs.4,000
Break Even Point Rs.10,000.

15. Prepare a Common size Income Statement of Amir enterprises for the year ending 31.12.06, from the following information:

Trading and Profit and Loss account			
To Cost of sales	10,00,000	By Sales	15,00,000
To Gross profit	5,00,000		
	15,00,000		15,00,000
To Operating expenses		By Gross profit	5,00,000
Administration	1,00,000	By Interest of investments	50,000
Distribution	13,000		
Selling	30,000		
Non operating expenses			
Finance	80,000		
Net profit	3,27,000		
	5,50,000		5,50,000

16. Following is the trading and profit and loss account for the year ended 31st March 2006:

To Opening stock	26,000	By Sales	1,60,000
Purchases	80,000	Closing stock	38,000
Wages	24,000		
Manufacturing expenses	16,000		
Gross profit	52,000		
	1,98,000		1,98,000
To Selling expenses	4,000	By Gross profit	52,000
Administrative expenses	22,800		
General expenses	2,000		
Non-operating expenses	10,000		
Net Profit	13,200		
	52,000		52,000

You are required to calculate :

- Gross profit Ratio
 - Cost of goods sold ratio
 - Operating ratio and
 - Operating profit ratio.
17. Write short notes on any TWO:
- Break even analysis
 - Liquidity ratios
 - Elements of cost
 - Balance sheet of a sole trader.

SECTION - C

ANSWER ANY TWO QUESTIONS:

(2 x 15 = 30)

18. The following particulars are extracted from the records of Anoop Ltd.:

	Per Unit	
	Product A	Product B
Sale price	Rs.100	Rs.110
Consumption of materials kg.	5 kg	4 kg
Material	Rs.24	Rs.14
Direct wages	Rs.2	Rs.3
Machine hours used	2 Hrs	3 Hrs
Variable overheads	Rs.4	Rs.6

Prepare a marginal cost statement.

Comment on the profitability of each product (both use the same raw material) when

- Total sales potential in units is limited
 - Total sales potential is value is limited
 - Raw material is in short supply
 - Production capacity (in terms of machine hour) is the limiting factor.
19. The following are the balance extracted from the book of Mr.Arjun :

	Rs.		Rs.
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	4,000
Creditors	26,600	General expenses	8,000
Opening stock	44,000	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 bad debts	1,600

Adjustments :

- Stock on hand on 31st Dec. 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 debts.
 - Allow interest on capital at 5%
 - Carry forward unexpired insurance Rs.1,400.
- Prepare final accounts for the year ended 31.12.2003.

20. Mr. Ashok furnishes the following information relating to the manufacture of a standard product during the month of January 2005:

Raw material purchased	Rs.15,000
Opening stock of raw materials	Rs.4,000
Closing stock of raw materials	Rs.5,000
Direct labour cost	Rs.9,000

Machine hours worked	900 hours
Machine hours rate	Rs.5
Carriage inwards	Rs.1,000
Administrative overheads	20% on works cost
Selling overhead	50ps. per unit sold
Units produced	17100 units
Opening stock of finished goods	2000 units at Rs.1.50 per unit
Units sold	16,000 units
Selling price per unit	Rs.4

You are required to prepare a statement of cost and profit.

21. The following is the receipts and payments account of Akash recreation club for the year ended 31st March 2006.

<u>Receipts</u>	Rs.	<u>Payments</u>	Rs.
To Balance b/d	7,000	By Salaries	28,000
Subscriptions		By General expenses	6,000
2004-05	5,000	By Electricity	4,000
2005-06	20,000	By Books purchased	10,000
2006-07	4,000	By Periodicals purchased	8,000
To Rent for use of conference room	14,000	By Loan repaid	20,000
To Receipts from entertainment facilities	28,000	By Balance c/d	4,000
To Sale of old magazines	2,000		
	80,000		80,000

Additional information:

- a) The club has 50 members, each paying Rs.500 p.a. as subscription
 - b) Subscription outstanding on 31.3.06-Rs.6,000.
 - c) Salaries outstanding Rs.2,000. Salaries paid includes salaries for 2004-05 – Rs.6,000.
 - d) On 1.4.2005, the properties of the club were: Buildings – Rs.2,00,000, Furniture and fittings – Rs.20,000 and books Rs.20,000.
 - e) Provide 10% depreciation on buildings and furniture
- Prepare income and expenditure account for the year ending 31.3.2006 and a balance sheet as on that date.

