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 2008
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. Explain the rules of double entry by giving suitable examples for each one of them.

2. Write a note on a) fixed cost b) variable cost and c) P/V ratio.

3. What is commonsize statement?

4. i) Ascertain cost of goods sold from the following figures:-
Opening stock Rs.85,000, purchases Rs.3,07,000, Direct expenses Rs.48,000, Indirect expenses Rs.52,000 and closing stock Rs.90,000.

ii) Ascertain purchases from the following:-
Cost of goods sold Rs.8,07,000; opening stock Rs.58,000; Closing stock Rs.60,000.

5. Subscriptions received during the year ending 31.3.2007 are as follows:-

for 2005 – 06	Rs.8,000
for 2006 – 07	Rs.42,200
for 2007 – 08	Rs.1,600
	51,800

There are 450 members, each paying an annual subscriptions of Rs.100. What is the amount to be shown in Income and Expenditure Account for the year 2006 – 07.

6. Calculate the amount to be posted to Income & Expenditure Account for the year ending 31.3.2007.
Stock of stationery as on 1.4.2006 Rs.3,000
Creditors for stationery outstanding on 1.4.2006 Rs.2,000
Amount paid for stationery during the year 2006-07 Rs.10,800
Stock of stationery as on 31.3.2007 Rs.500
Creditors for stationery outstanding on 31.3.2007 Rs.1,300.

7. The following details are obtained from the books Ram Ltd., for the quarter ended 31.3.2007. Ascertain the direct material consumed for the period.

	Rs.
Materials purchased	4,48,000
Import duty on materials purchased	38,000
Stock of materials on 1.1.2007	1,62,000
Carriage on the materials purchased	40,000
Stock of materials on 31.3.2007	1,46,000

8. Calculate P/V ratio from the data given below:-
2006 : sales Rs.6,00,000; Profit Rs.1,00,000
2007 : sales Rs.10,00,000; Profit Rs.1,80,000.

9. Profit required : Rs.2,00,000
Fixed cost : Rs.4,00,000
P/V ratio : 40%
Find out the required sales to earn the profit required.

10. Find out Earnings per share (Eps) from the following

	Rs.
Net profit after tax	20,00,000
10% preference share capital	4,00,000
Equity share capital (Rs.100 each)	10,00,000

SECTION – B

ANSWER ANY FIVE QUESTIONS: (5 x 8 = 40)

11. What is a balance sheet? Why is it prepared? What are its main features?

12. Kolcutta sports Association extracts the following Receipts and Payments Account for the year ended 31st March 2007. From the particulars given, prepare Income & Expenditure Account for the year ended 31.3.2007.

Receipts and Payments Account for the year ended 31.3.2007

RECEIPTS	Rs.	PAYMENTS	Rs.
To balance b/d	1,125	By News papers	750
To subscription	2,900	By Rent	250
To Tournament fund	750	By Salaries	1,800
To life membership	1,000	By office expenses	1,200
To Entrance fees	100	By Sports equipments	1,150
To Donations for Buildings	1,500	By Tournament expenses	450
To sales of news papers	50	By balance c/d	1,825
	7,425		7,425

Subscriptions outstanding on 31.3.2006 Rs.450 and on 31.3.2007 Rs.400.
Subscriptions received includes Rs.100 on account for the year 2007-08.
Sports equipment was valued on 31.3.2006 at Rs.550 and on 31.3.2007 at Rs.1,090.
Office expenses include Rs.150 for 2005-06 whereas Rs.200 is still payable on this account for 2006-07. Tournament fund is treated as capital receipt.

13. You are required to compile a statement showing cost and profit from the information given, showing clearly : a) Material consumed b) prime cost c) works cost d) cost of production e) cost of sales f) profit and g) sales.

	Rs.
Materials purchased	2,00,000
Wages	1,00,000
Direct expenses	20,000
Opening stock of materials	40,000
Closing stock of materials	60,000

Factory overhead is absorbed at 20% on wages. Administrative overhead is 25% on works cost. Selling and distribution overheads are 20% on the cost of production. Profit is 20% on sales.

14. The information about Raj & co., are given below:-
a) Profit-volume ratio 20%
b) Fixed cost Rs.36,000
c) Selling price per unit Rs.150
Calculate : a) BEP (in Rs.) b) BEP (in units) c) Variable cost per unit and d) Profit on sales of Rs.4,00,000.

15. Present sales Rs.1,00,000; variable cost Rs.60,000; fixed cost Rs.20,000.
Ascertain the effect of 10% reduction of selling price on :-
a) P/V ratio b) Break Even point. Also calculate the sales required to maintain the profit at the present level.

16. Prepare a comparative income statement of Parveen Travels Ltd., for the year ending 31st March 2006 and 2007 from the following:

PARTICULARS	31.3.2006 Rs.	31.3.2007 Rs.
Purchases less returns	80,000	1,50,000
Other direct expenses	20,000	50,000
Sales	1,80,000	2,60,000
Office expenses	20,000	25,000
Selling expenses	10,000	15,000
Finance expenses	10,000	8,000
Profit	40,000	12,000

17. Following is the Profit & Loss Account of Prabha Ltd.

PARTICULARS	Rs.	PARTICULARS	Rs.
To opening stock	50,000	By Sales less returns	2,50,000
To purchases	1,25,000	By closing stock	25,000
To Manufacturing expenses	12,500		
To office expenses	15,000		
To selling expenses	12,000		
To Preliminary expenses written off	3,000		
To Net profit	57,500		
	2,75,000		2,75,000

Calculate : a) Gross profit ratio b) Net profit ratio c) operating ratio and d) Inventory turnover ratio.

SECTION – C

ANSWER ANY TWO QUESTIONS: (20 x 2 = 40)

18. On 31st March 2007, the following Trial Balance was extracted from the books of Chandran :

	Dr Rs.	Cr Rs.
Capital	--	5,00,000
Plant and Machinery	8,00,000	--
Sales	--	17,70,000
Purchases	6,00,000	--
Returns	10,000	7,500
Opening stock	3,00,000	--
Discounts	3,500	8,000
Bank charges	750	--
Sundry Debtors & creditors	4,50,000	2,50,000
Salaries	68,000	--
Carriage inwards	7,500	--
Carriage outwards	12,000	--
Bad debts provision	--	5,250
Rent, Rates & taxes	1,00,000	--
Advertisement	20,000	--
Cash in hand	9,000	--
Cash at bank	60,000	--
Manufacturing wages	1,00,000	--
	25,40,750	25,40,750

You are asked to prepare the final accounts for the year ended 31st March 2007 and the Balance sheet as on that date. The following adjustments are required:

i) Closing stock Rs.3,50,000 ii) Depreciate plant at 6% p.a.
iii) Bad debts provision to be adjusted to Rs.5,000 iv) Interest on capital to be allowed at 10% p.a. v) 2.5% of the profit is to be carried to Reserve fund.

19. The following data relate to the manufacturing of a standard product during the month of March 2007 :

	Rs.	
Raw material consumed	20,000	office overhead 20% on works cost
Direct wages	12,000	selling overhead Re.0.40 per unit
Machine hours worked	1000 hours	units produced 20,000 units

Units sold @ Rs.3 each 18,000 units

Prepare a cost sheet to show :- a) prime cost b) works cost c) cost of production d) cost of goods sold e) cost of sales f) profit.

20. From the following balance sheet of Rim Zim Ltd. as on 31st March, 2002, calculate (i) Current Ratio, (ii) Quick Ratio, (iii) Absolute Liquidity Ratio, (iv) Ratio of Current Assets to Fixed Assets, (v) Debt to Equity Ratio, (vi) Proprietary Ratio, (vii) Fixed Assets Ratio.

BALANCE SHEET

Liabilities	Rs.	Assets	Rs.
Equity Share Capital	10,00,000	Goodwill (At cost)	5,00,000
6% Preferences Share capital	5,00,000	Plant & Machinery	6,00,000
		Land & Buildings	7,00,000
General Reserve	1,00,000	Furniture & Fixtures	1,00,000
Profit and Loss A/c	4,00,000	Stock-in-Trade	6,00,000
Provision for Tax	1,76,000	Bills Receivable	30,000
Bills Payable	1,24,000	Debtors	1,50,000
Bank Overdraft	20,000	Bank	2,00,000
Creditors	80,000	Marketable Securities	20,000
12% Debentures	5,00,000		
	29,00,000		29,00,000

21. The sales turnover and profit during two years were as follows:-

YEAR	SALES	PROFIT
2006	14,00,000	1,50,000
2007	16,00,000	2,00,000

Calculate a) P/V ratio b) Break – even point c) Sales required to earn a profit of Rs.4,00,000 d) Fixed expenses e) Profit when sales are Rs.12,00,000.

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