

STELLA MARIS COLLEGE (AUTONOMOUS) CHENNAI – 600 086.
(For candidates admitted during the academic year 2011-2012 & thereafter)

SUBJECT CODE: 11CM/GE/AP44

B.A. / B.Sc. / B.Com. / B.C.A. / B.S.W. / B.V.A. DEGREE EXAMINATION,
NOVEMBER 2014

COURSE : GENERAL ELECTIVE
PAPER : ACCOUNTING PRACTICES
TIME : 3 HOURS

MAX. MARKS: 100

SECTION A - (30 x 1 =30 marks)
Answer ALL questions

I Fill in the blanks:

1. Capital is the excess of _____ over liabilities.
2. Under the Double Entry System of book keeping every debit should have a _____.
3. Profit and Loss Account is also called as the _____ statement.
4. Factory overhead is also termed as _____ overhead.
5. Bank overdraft appears on _____ side of the balance sheet.
6. Prime Cost is the total of all _____ costs.
7. The difference between sales and variable cost is _____.
8. The level of sales at which there is no profit or no loss is called _____ point.
9. _____ is the difference between current assets and current liabilities.
10. Operating ratio is a _____ ratio.

II State whether the following statements are “true” or “false”:

11. Balance sheet shows the profit during the period.
12. Cost accounting is as same as financial accounting.
13. Fixed cost is reduced from contribution to find profit.
14. Make or Buy decision ignores fixed cost.
15. Operating profit ratio indicates the relationship between net profit and sales.
16. Bank account is a real account.
17. Sales are equal to Cost of goods sold + Gross profit.
18. Variable cost is termed as marginal cost.
19. Ratio analysis is a technique of planning and control.
20. Acid test ratio denotes liquidity.

III. CHOOSE THE CORRECT ANSWER:

21. Margin of safety is:

- (a) Sales at which there is profit
- (b) Sales at which there is loss
- (c) Sales in excess of BEP
- (d) Sales equal to BEP

22 Break even chart is a chart of:

- (a) Sales
- (b) Total cost
- (c) Profit
- (d) Sales and total cost

23. Cost of sales plus profit is:

- (a) Selling price
- (b) Value of finished goods
- (c) Value of goods produced
- (d) Value of stocks

24. Good will is a part of:

- (a) Intangible asset
- (b) Fixed Asset
- (c) Current Asset
- (d) Liquid Asset

25. The term Current Assets does not include

- (a) Stock
- (b) Debtors
- (c) Cash
- (d) Sundry creditors

26. Factory overhead is also termed as Manufacturing overhead or

- (a) Office overhead
- (b) Selling overhead
- (c) Distribution overhead
- (d) Production overhead.

27. Warehouse rent is a part of

- (a) Prime cost
- (b) Distribution overhead
- (c) Selling overhead
- (d) Factory overhead

28. The difference between Contribution and Fixed cost is

- (a) Margin of safety
- (b) Profit
- (c) Sales
- (d) None of these

29. Information about performance is disclosed by

- (a) Balance sheet
- (b) cost statement
- (c) profit and loss account
- (d) cash flow statement

30. The trial balance shows

- (a) Both debit and credit balance,
- (b) Only debit balances,
- (c) Only credit Balances,
- (d) Nominal account balances

SECTION B - (5 x 8 = 40 marks)**Answer any FIVE questions.**

31. Prepare trading and profit and loss account from the information given below:

Opening stock	Rs. 3,600
Purchases	18,260
Wages	3,620
Closing stock	4,420
Sales	32,000
Carriage in	500
Carriage on sales	400
Rent	900
Sales returns	700
Purchases returns	900
General expenses	900
Discount to customers	360
Interest from bank	200

32. Show how the following items will appear in the Balance sheet of Zee Ltd.

Authorised Capital 20,000 shares of Rs.100 each
 Issued Capital 15,000 shares
 Subscribed capital 12,500 shares
 Calls in arrears on 100 shares at Rs.15 each
 Reserve fund Rs.50, 000
 6% Debentures Rs.1, 50,000
 Fixed assets – Building Rs.10, 00,000
 Depreciation on building Rs.30, 000
 Machinery Rs.2, 00,000
 Investments Rs.3, 00,000
 Profit and loss account (cr.) Rs.1, 00,000
 Goodwill Rs.50, 000
 Cash Rs.50, 000

33. Profit and Loss Account of X Ltd., is given below

Profit & Loss A/c

Particulars	Rs.	Particulars	Rs.
To Opening Stock	2,00,000	By sales	16,00,000
To Purchases	12,00,000	By closing stock	3,20,000
To Administration expenses	1,20,000	By Dividend	4,000
To Selling expenses	80,000		
To Interest paid	40,000		
To Loss on sale of assets	5,000		
To Net profit	2,79,000		
	<u>19,24,000</u>		<u>19,24,000</u>

Calculate i) G.P.ratio ii) N.P.ratio iii) Operating ratio iv) Operating profit ratio

34. From the following balance sheet extracts, compute trend percentages of X Ltd., with base year as 2000.

Particulars	2000	2001	2002	2003	2004	2005
Stock (Rs.)	1,50,000	1,70,000	1,90,000	2,30,000	2,20,000	2,00,000
Debtors (Rs.)	1,40,000	1,20,000	80,000	90,000	1,00,000	1,00,000
Cash (Rs.)	60,000	50,000	50,000	60,000	90,000	1,00,000
Current liabilities (Rs.)	3,00,000	3,20,000	3,00,000	2,80,000	2,40,000	2,00,000

35. The following are the income statements of X Ltd., for the year ending 31st Dec 2009 and 2008. You are required to prepare a common size income statement for the two years.

Particulars	31.12.08 (Rs.)	31.12.09 (Rs.)
Net sales	10,00,000	12,00,000
Cost of goods sold	5,50,000	6,05,000
Operating expenses:		
Administration	80,000	1,00,000
Selling	60,000	80,000
Non-Operating expenses;		
Interest	40,000	50,000
Income tax	50,000	80,000

36. The summary of Balance sheet data of Axe Ltd. Box Ltd. is as under:

	Axe Ltd. (Rs.)	Box Ltd. (Rs.)
Buildings	1, 00,000	4, 50,000
Machinery	3, 00,000	7, 50,000
Share capital	4, 50,000	14, 50,000
Profit & Loss A/C	50,000	33,000
Debtors	1, 15,000	1, 60,000
Stock	60,000	2, 17,000
Cash	10,000	5,000
Prepaid expenses	5,000	3,000
Creditors	91,000	1, 00,000
Out standing expenses	9,000	17,000
Bank	10,000	15,000

Prepare Common-size Balance Sheets

37. A company shows the following results for two periods:

Period	Sales	Profit
I	Rs.20,000	Rs.1000
II	Rs.30,000	Rs.4000

Calculate: (a), P/V Ratio, (b) Fixed Cost, (c) BEP, (d) Profit when sales are Rs.50, 000.

SECTION C - (2 x 15 = 30 marks)**Answer any TWO questions.**

38. From the following Trail Balance of R prepare the Trading and profit and loss account for the year ended 31st March 2013 and the balance sheet.

	Dr.	Cr.
R's capital	---	29,000
R's drawings	760	---
Purchases & sales	8,900	15,000
Sales & purchases return	280	450
Stock (1.4.2004)	1,200	
Wages	800	
Buildings	22,000	
Freight & carriage	2,000	
Rent	200	
Advertisement	240	350
Interest		
Taxes & insurance	130	
Debtor & creditors	6,500	1,200
Bills receivable & payable	1,500	700
Cash at bank	1,200	
Cash in hand	190	
Salaries	800	
	<u>46,700</u>	<u>46,700</u>

Adjustments:

- Stock on 31st March 2013 was valued at Rs.1, 500
 - Insurance was prepaid to the extent of Rs.40
 - Outstanding liabilities were salaries Rs.200. Taxes Rs.130
 - Depreciate buildings at 2% p.a.
39. From the following Balancesheet compute short terms and long term solvency ratios.
Balance sheets of S Ltd. as on 31/12/2005.

	Rs.		Rs.
Equity share capital	2,00,000	Goodwill	1,20,000
Reserves	40,000	Fixed assets	2,80,000
Profit & Loss a/c	60,000	Stock	80,000
Secured loan	1,60,000	Debtor	40,000
Creditors	1,00,000	Bills Receivable	20,000
Provision for tax	40,000	Cash	60,000
	<u>6,00,000</u>		<u>6,00,000</u>

40. From the following information prepare a cost sheet for the month of December 2011:

		Rs.
Stock on hand 1.1.2011	Raw materials	25,000
	Finished goods	17,300
	Work-in-progress	8,200
Stock on hand 31.12.2011	Raw materials	26,200
	Finished goods	15,700
	Work-in-progress	9,100
Purchase of raw materials		21,900
Carriage on purchases		1,100
Sale of finished goods		72,300
Direct wages		17,200
Non productive wages		800
Direct expenses		1,200
Factory overheads		8,300
Administrative overheads		3,200
Selling and distribution overheads		4,200

41. The following particulars are extracted from the records of a company.

	Product A	Product B
Sales (per unit)	Rs. 100	Rs. 120
Consumption of material	2 kg	3 kg
Material cost	Rs. 10	Rs. 15
Direct wages cost	15	10
Direct expenses	5	6
Machine hours used	3	2
Overhead expenses:		
Fixed	5	10
Variable	15	20

Direct wage per hour is Rs. 5. Comment on the profitability of each product (both use the same raw material) when:

- total sales potential in units is limited.
- production capacity (in terms of machine hours) is the limiting factor.
- material is in short supply.
