

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,
APRIL 2015

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

MAX. MARKS: 100

SECTION – A

I FILL IN THE BLANKS:

(30x1=30 Marks)

1. A lower P/V ratio indicates.....profitability
2. Liquid assets are readily converted into _____.
3. Finished goods stocks are adjusted after finding cost of _____.
4. Sales at which there is no profit or loss is called _____
5. Working capital is the difference between _____.
6. Period cost means _____
7. Bad Debts written off is a part of _____ overhead
8. Vertical Analysis is also known as structural or _____ analysis.
9. Analysis of Financial Statements is meant for deriving additional information for various _____ parties
10. P/E is the relationship between the market _____ of a company's share and its earnings per share.

II CHOOSE THE CORRECT ANSWER

11. Ledger book contains
 - a) Only personal A/c
 - b) Only real A/c
 - c) Personal ,real and nominal A/c
12. Current liabilities are such obligations which are satisfied
 - a) Within one year
 - b) Within two years
 - c) Within three years
13. Commission paid is
 - a) Personal A/c
 - b) Real A/c
 - c) Nominal A/c
14. Godown rent is a part of
 - b) Distribution overhead
 - c) Selling overhead
 - d) Factory overhead
15. The ideal current ratio is
(a) 4 (c) 3 (d) 2
16. Interest on capital is
 - a) Expenditure for business
 - b) Expense for business

- c) Income for business
17. Income tax paid by a sole trader is shown
- On the debit side of the trading account
 - On the debit side of the profit and loss account
 - By the way of deduction from the capital in the balance sheet
18. The difference between sales and variable cost is
- Margin of safety
 - Contribution
 - Fixed cost
19. Current Ratio indicate
- Ability to meet short term obligations
 - Efficiency of management
 - Profitability
20. What type of account is good will
- Fictitious
 - Intangible
 - Liquid

III State whether the following statements are TRUE OR FALSE

- Carriage inwards are debited to profit and loss A/c.
- Trial balance is prepared for construction of final A/c.
- Bad Debts are excluded from cost accounts
- Contribution-fixed cost = profit
- The break-even point increases when fixed cost is increases
- Turnover ratio is a rate of return on capital employed
- Finished goods stocks are adjusted before finding works cost.
- The marginal cost is fixed cost
- EPS is a earnings per shareholder
- Financial statement analysis is carried out as per Government regulations

SECTION-B

ANSWER ANY FIVE QUESTIONS

(5X8=40)

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

Particulars	Rs	Particular	Rs
Opening stock	5,000	Rent (factory)	3,100
Purchases	30,000	Rent (office)	4,300
Wages	3,500	Sales returns	500
Closing stock	5,400	Purchases returns	400
Sales	42,000	General expenses	1,500

Carriage on purchases	1,000	Discount to customer	300
Carriage on sales	800	Interest from bank	100

2. Following is the Profit & Loss A/C of a Naveen ltd for the year ending 31-12-2014.

Particulars	Rs	Particulars	Rs.
To Opening stock	50,000	By Sales	4,60,000
To Purchases	2,50,000	By Closing stock	60,000
To Wages	9,000		
To Gross profit c/d	2,11,000		
TOTAL	5,20,000	TOTAL	5,20,000
To Administrative expenses	50,000	By Gross profit b/d	2,11,000
To Selling and distribution expenses	79,000	By Interest on Investment (outside business)	20,000
To Non-operating expenses	30,000	By profit on sale of Investment	8,000
To Net profit	80,000		
TOTAL	2,39,000	TOTAL	2,39,000

Calculate

- Gross profit ratio
- Net profit ratio
- Operating ratio
- Operating profit ratio

3. From the following data relating to the assets side of the balance sheet of X Ltd., for the period 31.12.2000 to 31.12.2003. You are required to calculate the trend percentage using 2000 as the base year.

ASSETS	As on 31 st December (Rupees in '000s)			
	2000	2001	2002	2003
Cash	12,000	15,000	18,000	20,000
Debtors	40,000	44,000	50,000	55,000
Stock-in-trade	20,000	25,000	28,000	33,000
Fixed assets	50,000	62,000	75,000	90,000
TOTAL	1,22,000	1,46,000	1,71,000	1,98,000

4. The following ledger balances were extracted from the books of Alpha Ltd. as on 31.3.2014: Land & Building Rs.4,00,000; 12% Debentures Rs.4,00,000; Share capital Rs.10,00,000 (equity shares of Rs. 10 each fully paid up); Plant and Machinery Rs. 7,00,000; Goodwill Rs. 3,00,000; Investment in shares of Raja Ltd. Rs. 2,00,000; General Reserve Rs. 1,95,000; Stock in Trade Rs. 2,00,000; Bills Receivable Rs. 80,000; Debtors Rs. 1,20,000; Creditors Rs. 1,00,000; Bank Loan (Unsecured) Rs. 2,00,000; Provision for Tax Rs. 50,000;

Proposed Dividend Rs. 55,000. Prepare the Balance Sheet of the company as per Revised Schedule VI, Part I of the Companies Act, 1956.

5. 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

Materials purchased	Rs.8,00,000
Wages	Rs.4,00,000
Direct expenses	Rs. 80,000
Opening stock of materials	Rs. 1,60,000
Closing stock of materials	Rs.2,40,000

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.

6. The following data are available from the records of a company :

Sales	Rs.3,00,000
Variable cost	Rs.1,50,000
Fixed cost	Rs. 75,000

You are required to :

- Calculate the P/V ratio, Break point and Margin of safety at this level.
- Calculate the effect of 20% increase in sale price
- Calculate the effects of 10% decrease in sale price.

7. From the following information, prepare a comparative Income statement :

	2013	2014
	Rs.	Rs.
Sales	6,00,000	7,48,000
Cost of sales	4,72,000	5,96,000
Administration expenses	48,000	52,000
Tax paid	9,000	12,000
Selling expenses	23,000	35,000
Debenture interest	10,000	10,000
Depreciation	8,000	9,000

SECTION-C

ANSWER ANY TWO QUESTIONS

(2X15=30)

8. From the following balances as at 31st December 2012 of a trader, Prepare a Trading and Profit & Loss A/C for the year 2012 and a balance sheet as on that date.

Particulars	Rs.	Particulars	Rs.
Salaries	16,500	Creditors	28,500
Rent	3,900	Sales	96,000
Cash	3,000	Capital	90,000
Debtors	1,20,000	Loans	30,000
Trade expenses	1,800		
Purchases	75,000		
Advances	7,500		
Bank balance	16,800		
TOTAL	2,45,500	TOTAL	2,45,500

Adjustments:

- (a) The closing stock amounted to Rs 27,000.
- (b) One month's salary is outstanding.
- (c) One month's rent has been paid in advance.
- (d) Provide 5% for doubtful debts.

9. The sales and profit for 2006 and 2007 are as follows:

Year	Sales (Rs)	Profit(Rs)
2006	2,50,000	40,000
2007	2,70,000	45,000

Find out:

- (a) P/V Ratio (b) BEP (C) Sales for a profit of Rs 80,000 (d) profit for sales of Rs.3,50,000 and (e) Margin of safety at a profit of Rs.70,000.

10. Prepare a Cost sheet from the following particulars

	Rs.
Stock of raw materials on 1.12.2004	75,000
Stock of raw materials on 31.12.2004	91,500
Direct wages	52,500
Indirect wages	2,750
Sales	2,11,000
Work-in-progress on 1.12.2004	28,000
Work-in-progress on 31.12.2004	35,000
Purchases of raw materials	66,000
Factory rent, rates and power	15,000
Depreciation on plant & machinery	3,500
Expenses on purchases	1,500
Carriage outwards	2,500

Advertising	3,500
Office rent and taxes	2,500
Traveller's wages and commission	6,500
Stock of finished goods 1.12.2004	54,000
Stock of finished goods 31.12.2004	31,000

11. The following are summarized Profit and Loss A/c for the year ending 31-12-2002 and the Balance Sheet as at the date:

TRADING AND PROFIT & LOSS ACCOUNT

	Rs.		Rs.
To Opening Stock	10,000	By Sales	1,00,000
To Purchases	55,000	By Closing Stock	15,000
To Gross Profit	50,000		
	1,15,000		1,15,000
To Administrative Exp.	15,000	By Gross Profit	50,000
To Interest	3,000		
To Selling Expenses	12,000		
To Net Profit	20,000		
	50,000		50,000

BALANCE SHEET

	Rs.		Rs.
Capital	1,00,000	Land and Buildings	50,000
Profit & Loss A/c	20,000	Plant and Machinery	30,000
Creditors	25,000	Stock	15,000
Bills Payable	15,000	Sundry Debtors	15,000
		Bills Receivable	12,500
		Cash in Hand and at Bank	17,500
		Furniture	20,000
	1,60,000		1,60,000

You are required to calculate

- (a) Current ratio (b) Liquid ratio (c) Stock turnover ratio (d) Debtors turnovers ratio
 (e) Gross profit ratio and (f) stock to working capital ratio (g) Operating Ratio
 (h) Operating Profit Ratio
