

STELLA MARIS COLLEGE (AUTONOMOUS) CHENNAI – 600 086.
(For candidates admitted during the academic year 2015 - 2016)

SUBJECT CODE: 15CM/MC/AG15

B.Com. (A & F) DEGREE EXAMINATION NOVEMBER 2015
ACCOUNTING AND FINANCE
FIRST SEMESTER

COURSE : MAJOR – CORE
PAPER : ACCOUNTING - I
TIME : 3 HOURS

MAX. MARKS: 100

SECTION – A

ANSWER ALL QUESTIONS:

(10 x 2 = 20)

1. State the need for Accounting standards.
2. State the need for preparing a Bank Reconciliation Statement.
3. State the features of single entry system of accounting.
4. Why is 'Average clause' included in the Insurance policy?
5. Where can the accounting software be used?
6. The net profit of the business concern after charging manager's commission at 5% is `1,26,000, compute manager's commission.
7. Find out the balance as per pass book from the information given below:

Bank overdraft as per cash book on 30 th April 2015	` 26,000
Bank charges not yet recorded in the cash book	` 200
Cheques issued but not presented for payment	` 2,300

8. Calculate sales from the following information:

Debtors as on 1 st April 2014	15,000
Bills receivable as on 1 st April 2014	2,000
Cash received	10,000
Bad debts	1,000
Debtors as on 31 st March 2015	18,000
Bills receivable as on 31 st March 2015	3,000

9. Calculate the claim for loss of furniture from the following details :

Book value of furniture	3,000
Value of furniture salvaged	600
Value of policy for furniture	2,500

10. How will you show the following items relating to debtors in the final accounts of a trader?

Debtors	₹ 1,00,000
Bad debts	₹ 10,000
Provision for doubtful debts	₹ 5,000
Provide further bad debts ₹ 5,000 and make a provision at 10% on debtors.	

SECTION – B

ANSWER ANY FIVE QUESTIONS:

(5 x 8 = 40)

11. Pass the necessary adjustment entries for the following adjustments:

- Monthly rent of ₹ 10,000 were paid for 11 months only.
- Insurance paid ₹ 4,000 including premium of ₹ 3,000 per annum paid up to 30th June 2015.
- Interest accrued on securities ₹ 8,000.
- Depreciation at 5% on furniture of ₹ 50,000 and at 10% on plant valued at ₹ 3,00,000.

12. From the information given below, prepare a Reconciliation Statement as on 31st March 2015, the cash book showed an overdraft balance of ₹ 7,100:

- Cash book payment side is overcast by ₹ 100.
- ₹ 3,200 deposited has not been credited to the account.
- Cheques totalling ₹ 10,400 have been issued on March 24th, out of which pass book has an entry only for ₹ 8,200.
- Of the two cheques paid into the account on 27th March, amounting to ₹ 3,800 and ₹ 2,200, second cheque has an entry on 2nd April in the pass book.
- Pass book shows an entry of ₹ 40 for bank charges, ₹ 170 for interest on overdraft and ₹ 4,000 towards the cheque directly deposited by a customer into this account. There are no corresponding entries regarding these in cash book.
- A cheque for ₹ 500 was deposited into this account. The entry in the Pass book shows that it is dishonoured.

13. From the following particulars, ascertain the opening balance of sundry debtors and closing balance of sundry creditors :

Sundry creditors 1.4.2014	20,600
Sundry debtors 31.3.2015	37,400
Stock 1.4.2014	50,000

Stock 31.3.2015	40,000
Transactions during 2014-15	
Purchases	1, 40,000
Discount allowed by creditors	800
Discount allowed to customers	1,000
Cash paid to creditors	1, 05,000
Bills payable issued to creditors	20,000
Bills receivable received from customers	35,000
Cash received from customers	1, 60,000
Bills receivable dishonoured	2,000

The rate of gross profit is 25% on selling price. Of the total sales ` 35,000 are cash sales.

14. Bharath Trading Ltd. Have taken out a fire policy of ` 80,000 covering its stock in trade. A fire occurs on 31st March 2015 and stock was destroyed with the exception of stock worth ` 20,680. Following particulars are available from the books of account of the firm :

Stock on 1 st January 2015	` 30,000
Purchases to the date of fire	` 1, 30,000
Sales to the date of fire	` 90,000
Commission paid to the manager on purchases 2%	
Carriage paid on purchases	` 800

Average gross profit on cost 50%

The policy was subject to average clause. You are required to calculate the amount of claim to be made to the insurance company.

15. From the following details, prepare a claim for loss of profit under the consequential loss policy:

Date of policy 30 th June 2014	
Period of indemnity 6 months	
Sum assured	40,000
Sales for the year ended 30 th June 2014	2, 00,000
Net profit for the accounting year ending 31 st March 2014	12,500
Standing charges for the accounting year	28,500
Sales for the year ending 31 st March 2014	1, 98,000

Sales for the indemnity period from 1 st July to 31 st Dec, 2014	56,000
Sales for the period 1 st July to 31 st Dec.2014	1, 10,000

The turnover of the year 2014-15 had shown a tendency of increase of 10% over the turnover of the preceding year.

16. Ms. Keerthana submits the following information for the year ended 31.1.2015.

Stock as on 1.4.2015	1, 50,500
Purchases	4, 37,000
Manufacturing expenses	85,000
Expenses on sales	33,000
Expenses on administration	18,000
Financial charges	6,000
Sales	6, 25,000

During the year damaged goods costing ` 12,000 were sold for ` 5,000. Excluding the above transaction the Gross profit has been at 20% on sales. Compute the Net Profit for the year ended 31st March 2015.

17. a. What are the accounts to be opened for voucher entry of sales and purchases in Tally? (2 Marks)
- b. Mention the two pre-defined ledger available in Tally. (2 Marks)
- c. Mention the short cuts for (2 Marks)
- Voucher creation
 - Repeat the narration on a voucher
 - Contra Voucher
 - Journal Voucher
- d. How can you copy text from Tally? (1 Mark)
- e. State how profit and loss statement can be viewed. (1 Mark)

SECTION – C

ANSWER ANY TWO QUESTIONS:

(2 x 20 = 40)

18. From the following information of Ms. Vandana who does not maintain her books in the Double Entry System, prepare trading, Profit and Loss account and Balance sheet as on 31st March 2015 :

a. Assets and Liabilities

	31.3.2014	31.3.2015
Stock	19,800	1, 13,200
Creditors	31,000	14,500
Debtors	1, 18,000	1, 25,000
Premises	90,000	90,000
Furniture	11,000	11,500
Air-conditioner	15,000	15,000

a. Creditors as at 31.3.2014 include ` 15, 000 for purchase of air conditioner.

b. Cash transactions:

Cash as on April 1 st 2014	15,000
Collection from customers	1, 60,800
Payment to trade creditors	1, 44,000
Rent,rates and taxes	11,500
Salaries	1, 12,000
Sundry expenses	18,000
Sundry income	16,500
Drawings	30,000
Loan from her spouse	23,000
Capital introduced	12,000
Cash sales	11,500
Cash purchases	15,000
Payments to creditors for air-conditioner	15,000
c. Bad debts written off	1,200

19. From the following Trial Balance as on 31st March 2015 of Mr. Sidhu and additional information, you are required to prepare a Trading and Profit and loss account as on 31st March 2015 and Balance Sheet as on that date.

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	Debit	Credit
Capital		1, 60,000
Drawings	24,000	
Furniture and fixtures	8,000	
Plant and Machinery	60,000	
Patents (10 years from 2014)	40,000	
Stock 1.4.2014	50,000	
Purchases	1, 70,000	
Salaries	14,800	
Wages	30,000	
Sundry Debtors	20,400	
Sales		2, 64,000
Cash in hand	13,250	
Land	28,350	
Loan at 6% from 1.10.2014		20,000
Rent, rates and taxes	10,200	
Bad debts	800	
Sundry Creditors		24,000
Discount		1,200
Carriage inwards	400	
Interest on loan	300	
Insurance	1,600	
Sundry expenses	1,600	
Cash at bank	10,500	
Bank overdraft		15,000
	4, 84,200	4, 84,200
	4, 84,200	4, 84,200

Additional information:

- a. Stock as on 31.3.2015 is valued at ` 30,000.
- b. A new machine was installed on 1.4.2014 for ` 3,000. No entry to this effect was passed in the books .wages of ` 1,000 paid for installing the machine were debited to wages account.
- c. Of the sundry debtors ` 200 are bad and are to be written off. You are required to maintain a provision for doubtful debts at 5% on debtors and provision for discount on debtors at 2%.
- d. Goods costing ` 2,000 were given away as free samples for publicity.
- e. Depreciate plant and machinery at 20% and furniture and fixture at 10% per annum.

- f. On 1.4.2014 machinery of the value of ` 10,000 was destroyed by fire and the insurance claim settled at ` 8,000 was credited to machinery account.
- g. Goods costing ` 1,000 were sent to a customer for ` 1,200 on 30.3.2015 on sale or return basis. This was recorded as actual sales.

20. From the following information supplied by Kiran, prepare his bank reconciliation Statement as on 31st March 2015 after amending the cash book as on that date:

Bank overdraft as per bank statement	1, 65,000
Cheques issued but not presented for payment	87,500
Cheques deposited with the bank but not collected	1, 05,000
Cheques recorded in the bank column of the cash Book but not sent to the bank for collection	20,000
Bank charges debited in the statement	35,000
A bill for ` 30,000 (discounted with the bank in February at ` 29,780) dishonoured on 31 st March and noting charges paid by the bank	100
Premium on life insurance policy paid by the bank on standing advice	1,800

Overdraft in cash book on 25th March 2015 ` 80,000 carried over as debit balance on the next day.

21. On 30th Sep.2012, the premises of Choco Ltd. Was destroyed by fire and from the records available , the following particulars were ascertained :

Stock on 1.4.2011	1, 00,000
Stock on 31.3.2012	1, 20,000
Purchases during 2011-2012	4, 78,000
Sales during 2011-12	6, 00,000
Purchases from 1.4.2012 to the date of fire	2, 70,000
Sales from 1.4.2012 to the date of fire	3, 60,000

In valuing closing stock of 2011-12 ` 8,000 were written off whose cost was ` 7,400. Part of the stock was sold in 2012-13 at a profit of ` 400 whose cost was ` 5,000. The stock salvaged was ` 10,450. The stock was insured for ` 1, 00,000.

From the above particulars, you are required to prepare the statement of insurance claim to be made against the insurance company.
