

**STELLA MARIS COLLEGE (AUTONOMOUS) CHENNAI – 600 086.**  
**(For candidates admitted during the academic year 2015 – 2016 and thereafter)**  
**SUBJECT CODE: 15CM/MC/AG15**

**B.Com. (A & F) DEGREE EXAMINATION NOVEMBER 2016**  
**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. Define Revenue.
2. Explain the term cost of purchase.
3. What is Net Worth method?
4. State the concept of grouping of Accounts.
5. State the difference between trading and Profit and loss a/c.
6. Calculate Gross Profit and Cost of Goods Sold from the following information;  
Net Sales Rs. 2,00,000. GP is 25% on cost.
7. Prepare Trading a/c:  
Opening stock Rs.1,00,000; Purchases Rs. 1,50,000; Carriage inward Rs.5,000;  
Sales Rs. 4,00,000; Direct Expenses 10,000; Purchase Return 25,000; Closing stock  
Rs 50,000.
8. Calculate the stock in the beginning:  
Sales Rs.80,000; Stock at the end Rs.8,000; Loss on cost 1/6.
9. Calculate the cost of goods sold:  
Sales Rs. 4,20,000; GP is 35% on cost.
10. Goods of Rs.80,000 of M/s Raju & Sons are insured for Rs. 70,000 subject to average clause.  
Loss due to fire is assessed at Rs.16,000. Calculate what claim the insured will get from the insurers.

**SECTION – B**

**ANSWER ANY FIVE QUESTIONS:**

**(5 x 8 = 40)**

11. From the following information, find the claims under a 'loss of profits' policy.

	Rs.
Sales in 2000	1,00,000
Sales in 2001	1,20,000
Sales in 2002	1,44,000
Sales in 2003	1,72,800
Net profit in 2003	10,000
(All insured) standing charges in 2003	7,280
Date of dislocation by fire 1.1.2004	
Period of dislocation 3 months	
Sales from 1.1.2003 to 31.3.2003	43,200
Sales from 1.1.2004 to 31.3.2004	11,840
Indemnity period 9 months	
Policy value	50,000

There was no reduction in standing charges during the dislocation period, nor were there any additional costs.

12. Prepare Trading and Profit & Loss a/c of Dhoni for the year ending 31/12/2015.

	Rs.		Rs.
Opening Stock	3,600	Rent (Office)	500
Purchases	18,260	Sales Returns	700
Wages	3,620	Purchase Returns	900
Closing Stock	4,420	General Expenses	900
Sales	32,000	Discount to Debtors	300
Carriage	500	Interest from Bank	200
Carriage Out	400		
Rent (Factory)	400		

Adjustments:

- |   |             |
|---|-------------|
| a) Loss of stock due to fire                  | - Rs. 3,000 |
| Insurance recovered                           | - Rs. 2,000 |
| b) Goods sent as sample                       | - Rs. 2,000 |
| c) Goods in transit included in Closing stock | - Rs. 2,000 |
| d) Outstanding Wages                          | - Rs. 300   |
| e) Goods sent on sale or return basis         | - Rs. 6,000 |
| Cost not included in closing stock            | - Rs. 5,000 |
13. Prepare Bank Reconciliation Statement as on 31<sup>st</sup> March, 2008 from the following information:
- Bank balance as per Banker's record is Rs.1,000.
  - Cheques worth Rs. 5,000 were deposited in Bank account, but bank has cleared cheques worth Rs. 2,000 only.
  - Interest on Overdraft Rs.100 debited in the Pass Book has been shown in the Cash Book as interest given by bank on deposit.
  - Bank charges Rs. 25 entered in the Pass Book only.
  - Cheques issued for Rs.10,000 to a creditor not presented to the Bank.
  - Cheque issued for Rs.200 to Smith has been wrongly entered in the cash column on the payment side of the cash book. The same has not been presented to the Bank.
  - Bank has credited our account in the Pass Book for a cheque worth Rs.1,000 though the same has not been deposited by us.
14. Pass journal entries to incorporate the following at the time of preparing final accounts:
- Provide 2.5% for discount on Debtors and a Bad Debts Provision at 10% of Debtors. Debtors Rs.30,000.
  - Closing stock was valued at Rs. 43,000.
  - Wages Owing Rs. 2,500.
  - Included in Debtors is Rs.1,000 owing by the proprietor.
  - Purchase invoices amounting Rs.15,000 had been omitted from the books.
  - A Neon sign costing Rs.7,500 was included in advertising.
  - Private purchases amounting to Rs. 15,000 had been included in Purchase Book.
  - Rs.2,000 to be transferred to Reserve Fund.
15. Ram had not kept proper books of accounts. From the following particulars extracted from his books of accounts ascertain the credit purchases made and also the credit sales effected during the year 2008.

	Rs.
Sundry Debtors on 1 <sup>st</sup> January	4,000
Sundry Debtors on 31 <sup>st</sup> December	6,000
Sundry Creditors on 1 <sup>st</sup> January	3,000
Sundry Creditors on 31 <sup>st</sup> December	4,000
Cash received from Debtors	12,000
Cash paid to Creditors	10,000
Discount received	400
Discount allowed	300
Bills Receivable on 31 <sup>st</sup> December	7,000
Bills Payable on 31 <sup>st</sup> December	5,000
Return Inwards	500
Return Outwards	600
Bad debts	100

16. A fire occurred in the premises of a merchant on June, 15, 2004 and a considerable part of the stock was destroyed. The value of the stock saved was Rs.4,500.

The books disclosed that on April 1, 2004 the stock was valued at Rs. 36,750; the purchases to the date of the first amounted to Rs.1,04,940 and the sales to Rs.1,56,500. On investigation it is found that during the past five years the average gross profit on sales was 36%.

You are required to prepare statement showing the amount the merchant should claim from the insurance company in respect of stock destroyed by the fire.

17. From the following details find out the credit purchases and total purchases:

	Rs.
Cash purchase	29,000
Bills Payable (Opening)	7,500
Bills Payable (Closing)	2,500
Creditors (Opening)	29,000
Creditors (Closing)	18,000
Cash paid to creditors	25,000
Bills Payable paid during the year	10,500
Purchase Returns	1,500
Allowances from creditors	800
Bills Payable dishonoured	300

### SECTION – C

#### ANSWER ANY TWO QUESTIONS:

(2 x 20 = 40)

18. On 30<sup>th</sup> September 2004, the stock of Fred Perry was lost in a fire accident. From the available records the following information is made available to you to enable you to prepare a statement of claim on the insurers:

	Rs.
Stock at cost 1.4.2003	37,500
Stock at cost 31.3.2004	52,000
Purchases less returns for the year ended 31.3.2004	2,53,750
Sales less returns for the ended 31.3.2004	3,15,000
Purchases less returns upto 30.9.2004	1,45,000
Sales less returns upto 30.9.2004	1,84,050

In valuing the stock on 31.3.2004, due to obsolescence 50% of the value of the stock which originally cost Rs.6,000 had been written off. In May 2004, three-fourths of this stock had been sold at 90% of the original cost and it is now expected that the balance of the obsolete stock would also realise the same price. Subject for the above, gross profit had remained uniform throughout.

Stock to the value of Rs. 7,200 was salvaged.

19. Prepare a Bank Reconciliation statement from the following details:

- (1) Bank Overdraft as per Cash Book Rs. 8,000.
- (2) Cheques deposited into bank but no entry was passed in the Cash Book Rs. 300.
- (3) Cheques received but not sent to bank Rs. 1,000.
- (4) Credit side of Bank column (Cash Book) cast short Rs. 100.
- (5) Insurance Premium paid directly by Bank Rs. 500.
- (6) Bank charges entered in the Cash Book twice Rs. 10.
- (7) Cheques received returned by bank but not entered in Cash Book Rs. 400.
- (8) Cheques issued returned on technical grounds Rs. 300.
- (9) Bills directly collected by the Bank Rs. 2,000.
- (10) Bank charges debited by the Bank Rs. 12.
- (11) Cheques received entered twice in Cash Book Rs. 500.
- (12) Bills discounted dishonoured Rs. 4,000.

20. Sankaran keeps his books on single entry system. He gives you the following information:

	Dec 31, 2008 (Rs.)	Dec 31, 2009(Rs.)
Furniture and Fittings	5,000	6,000
Stock of materials	3,000	1,000
Sundry Debtors	6,000	7,000
Sundry Creditors	2,000	-
Prepaid expenses	-	200
Unpaid expenses	600	1,000
Cash in Hand	1,100	300

Receipts and payments during the year:

	Rs.
Receipts from debtors	21,000
Paid to creditors	10,000
Cartage	2,000
Drawings	12,000
Sundry expenses	16,000
Furniture purchases for cash	1,000

Prepare a Trading and Profit and Loss Account for the year ended 31<sup>st</sup> December 2009 and a Balance Sheet after providing for bad debts at 10%. There was a considerable amount of cash sales.

21. From the following ledger balances of X, Prepare the final accounts and Profit and Loss for the year ended 31<sup>st</sup> December 2014:

Particulars	(Rs.)	Particulars	(Rs.)
X's Capital	80,000	Printing & Stationery	400
X's Drawings	6,000	Rent and Rates	4,600
Plant & Machinery (1-1-2014)	20,000	Sundry creditors	10,000
Plant & Machinery(Additions on 1-7-2004)	5,000	Sales	1,20,000
Stock on 1-1-2004	15,000	Return outward	1,000
Purchases during the year	82,000	Postage and Telegrams	800
Returns inwards	2,000	Reserve for doubtful debts	800
Furniture and Fixtures	5,000	Rent from sublet	1,600
Sundry Debtors	20,600	Insurance charges	700
Carriage outward	500	Salaries and Wages	21,300
Freight & Duty	2,000	Cash in Hand	6,200
Trade expenses	800	Cash at Bank	20,500

The items for adjustments are:

1. Stock on 31<sup>st</sup> December 2004 was valued Rs. 14,000.
2. Write off 600 as bad debts.
3. The reserve for doubtful debts is to be maintained at 5% on sundry Debtors.
4. Provide depreciation on furniture and fixtures at %% p.a., and on plant and machinery at 20% p.a.
5. Insurance prepaid was Rs.100.
6. A fire occurred on 5<sup>th</sup> December 2004 in the godown and stock of the value of Rs.5,000 was destroyed. It was insured and the insurance company admitted the claim in fully.

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