

STELLA MARIS COLLEGE (AUTONOMOUS) CHENNAI – 600 086.

(For candidates admitted during the academic year 2015-2016)

SUBJECT CODE : 15CM/AE/AP45

B.A./B.Sc./B.C.A./B.S.W. DEGREE EXAMINATION APRIL 2017

FOURTH SEMESTER

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

MAX. MARKS: 100

SECTION – A

ANSWER ALL QUESTIONS:

(10 x 2 = 20)

1. What is double entry principle of accounting
2. What is called a key factor?
3. What is a trial balance?
4. What are the groups that are interested in accounting information?
5. Who is called a sole trader?
6. The company desires to earn profit at 20% on sale, the cost of sales of the concern is Rs.1,80,000. Find the profit earned by the company.
7. Given the Margin of safety as 20% of sales, P/V ratio is 40% and profit is Rs 2,00,000. Calculate sales.
8. Find out debt equity ratio from the following information as on 31.12.2015

Particulars	Rs
Long term debt	2,50,000
Long term Investment	3,75,000
Share capital	4,00,000
Retained earnings	1,00,000

9. Compute prime cost from the following
Direct wages: Rs 50,000, Direct expenses: Rs. 5,000
Opening stock of raw materials: Rs. 10,000 Raw materials bought: Rs. 60,000
Closing stock of raw materials: Rs. 20,000 Carriage inward: Rs. 1,500
10. Journalize:
 - a. Ram purchased goods worth Rs. 3800 from Krishnan on 30th January
 - b. Rs.1,500 cash was paid by Ram on 12th February

SECTION – B

ANSWER ANY FIVE QUESTIONS:

(5 x 8 = 40)

11. Balance sheet of M/s. Gani and Mani as on 1st Jan. 2015 and 31st Dec 2015 were as follows:

Liabilities	1/1/2015 Rs.	31/12/2015 Rs.	Asset	1/1/2015 Rs.	31/12/2015 Rs.
Creditors	30,000	60,000	Cash	25,000	22,000
Bills payable	80,000	88,000	Bills Receivable	25,000	30,000
White's loan	50,000	-	Debtors	30,000	80,000
Loan from bank	80,000	80,000	Stock	75,000	40,000
Black's Capital	40,000	50,000	Machinery	1,05,000	86,000
White's Capital	80,000	70,000	Land & Building	1,00,000	90,000
	3,60,000	3,48,000		3,60,000	3,48,000

Prepare comparative Balance Sheet.

12. Prepare a common size income statement from the following data:

	2014
Gross sales	8,15,000
Less sales returns	15,000
	8,00,000
Cost of sales	6,15,000
	1,85,000
Operating Expenses	
Administrative expenses	1,48,500
Selling expenses	24,000
	1,48,500
Other incomes	8,050
	1,56,500
Non-operating expenses	1,940
Net profit	1,54,610

13. The following are the summarized Balance sheet of A ltd as at 31st December 2006 and 31st December 2007.

- a. Debt equity ratio
- b. Current ratio
- c. Acid test ratio
- d. Fixed Assets ratio

Liabilities	2006	Assets	2006
Share capital	2,20,000	Land	1,18,000
Preference share	1,00,000	Machinery	1,00,000
Share premium	20,000	Buildings	1,50,000
Profit & Loss	1,04,000	Bills receivables	42,000
Debenture	70,000	Debtors	38,000
Creditors	48,000	Stock	84,000
Bills payable	12,000	Bank	42,000
	5,74,000		5,74,000

14. (i) What are called solvency ratios?
(ii) From the following information , find out
- a. Current asset
 - b. Current liability
 - c. Value of inventory
 - i. Current ratio = 3.5
 - ii. Liquid ratio = 2.5
 - iii. Working capital = Rs.1,00,000

15. The sales and profit for 2010 and 2011 are as follows:

Year	Sales (Rs)	Profit (Rs)
2010	140,000	15,000
2011	1,60,000	20,000

Find out:

- a. P/V Ratio
- b. BEP
- c. Fixed expenses
- d. sales required to earn a profit of Rs. 40,000
- e. Profit when sales is 1,20,000 and
- f. Margin of safety.

16. You are required to present to the management a statement showing :
- a. The marginal cost of each product and
 - b. to recommend which of the following sales mixes should be adopted :
 1. 1,500 units of X
 2. 1,600 units of Y
 3. 1,000 units of X and 500 units of Y.
 4. 900 units of X and 600 units of Y.

The following information relating to the cost per unit of the product is available :

	Product X	Product Y
Direct material	Rs.10	Rs.12.50
Selling price	40	60
Direct labour at 30 paise per hour	20 hrs.	30 Hrs.
Variable overhead 100 % of labour.		
Fixed overheads Rs.10,000.		

17. M/s Naveen traders are the manufacturers of toys. The following data relate to the manufacture of toys during the month of December 2015 :

	Rs.
Raw materials consumed	26,000
Direct wages	14,000
Machine hours worked	9,000 hours
Machine hour rate	Rs.2
Office overhead	20% of works cost
Selling overhead	50 paise per unit
Units produced	20,000 units
Units sold	18,000 units at Rs.5 per unit

Prepare cost sheet showing the cost and profit

SECTION – C

ANSWER ANY TWO QUESTIONS:

(2 x 20 = 40)

18. 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	6,500	Creditors	21,750
Selling expenses	4,300	Bills payable	6,500
Administrative expenses	5,700	Loans	30,000
Rent	3,900	Sales	1,56,000
Cash	13,000	Capital	1,34,000
Debtors	94,500	Bank O/D	13,500
Trade expenses	1,800		
Purchases	95,000		
General expenses	7,500		
Bank balance	16,800		
Good will	25,000		
Buildings	40,000		
Plant & Machinery	30,000		
Bills Receivable	9,250		
Furniture & fixtures	7,200		
Selling expenses	1,300		
TOTAL	3,61,750	TOTAL	3,61,750

Adjustments:

- The closing stock amounted to Rs 20,000.
- One month's salary is outstanding.
- One month's rent has been paid in advance.
- Provide for depreciation of Plant and machinery 10% and furniture and fitting 5% and Building 15%.

19. Rakesh and Co. Produces 2 products X and Y, the following particulars are extracted from the records of the company :

	Product X	Product Y
Sales per unit (Rs.)	100	120
Consumption of material(kg)	2	3
Material cost (Rs.)	10	15
Direct wages (Rs.)	15	10
Direct expenses (Rs.)	5	6
Machine hours used (hrs.)	3	2
<u>Overhead expenses:</u>		
Fixed	5	10
Variable	15	20

Direct wages 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.
- Sales potential in value is limited.
- Labour is the limiting factor.

20. Prepare a Cost sheet from the following particulars

	Rs.
Stock of raw materials on 1.12.2014	1,60,000
Stock of raw materials on 31.12.2014	1,93,000
Direct wages	1,00,000

Indirect wages	6,500
Sales	4,20,000
Factory rent	56,000
Power	70,000
Purchases of raw materials	1,22,000
Depreciation on plant	3,000
Depreciation on machinery	7,000
Expenses on purchases	3,000
Carriage outwards	5,000
Advertising	3,500
Office rent and taxes	2,500
Traveller's wages and commission	6,500
Sales commission	8,000
Promotional expenses	6,000

21. 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	1,20,000
To Purchases	65,000	By Closing Stock	15,000
To Direct wages	10,000		
To Gross Profit	45,000		
	1,35,000		1,35,000
To Administrative Exp.	18,000	By Gross Profit	45,000
To Depreciation	6,000	By rent received	5,000
To Interest	4,000		
To Selling Expenses	2,000		
To Net Profit	20,000		
	50,000		50,000

BALANCE SHEET

	Rs.		Rs.
Capital	1,40,000	Land and Buildings	80,000
Profit & Loss A/c	20,000	Plant and Machinery	40,000
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
	2,00,000		2,00,000

You are required to calculate

Net profit Ratio

- a. Operating ratio
- b. Acid Test ratio
- c. Operating Profit ratio
- d. Fixed Assets Ratio
- e. Current ratio
- f. Debt equity ratio
