

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 2017
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. What constitutes 'Inventories' according to AS-2?
2. State the conditions under which the revenue from Sale of goods is recognized.
3. What is an Account Group? How to create a group in Tally?
4. Write a brief note on need for Computerized Accounting system.
5. What are the Fundamental Accounting assumptions as per AS-1?
6. In the trial balance debtors appear at Rs. 12,000 and creditors Rs. 7,400. Make provision for doubtful debts at 5% on debtors and reserve for discount on creditors at 2.5% after considering the fact that included in the debtors is the amount of Rs. 2000 due from X and included in creditors is the amount of Rs. 1,000 due to him.
7. Prepare a Bank reconciliation statement as on 31.12.2013, from the following details:

	Rs.
Balance as per cash book	7,225
Cheque deposited into bank but not collected	675
Cheque issued but not presented for payment	879
Bank charges debited in the pass book	20
Interest credited in the pass book	15

8. Capital on 01.04.2014 Rs. 50,000
Drawings @ Rs. 1,000 per month at the beginning of every month.
Interest on capital at 12% p.a. Interest on drawings at 6% p.a.
Capital on 31.03.2015Rs. 80,000.
Calculate profit for 2014-15.
9. Calculate the Insurance claims from the following facts assuming that the insurers met their liability under the policy on average basis.
A trader's stock valued at Rs. 80,000 was totally destroyed. The stock in the godown was insured for Rs. 60,000 subject to average clause. The balance of stock left after fire, appeared in the books at Rs. 48,000.
10. From the following figures prepare (a) bad debts account (b) provision for bad debts account:

Jan 1	provision for bad debts	Rs. 2,500
Dec 31	Bad debts	1,870
	Debtors	20,000

SECTION – B

ANSWER ANY FIVE QUESTIONS:

(5 x 8 = 40)

11. The following are the balances in the Ledger of Mr. Saran for the year ended 31st March 2011.

	Rs.
Opening Stock:	
Raw Materials	21,000
Work-in-progress	4,600
Finished goods	13,800
Purchase of raw materials	51,000
Sales	2,45,000
Fuel and coal	2,060
Wages	33,000
Factory expenses	41,000
Office expenses	31,000
Depreciation on Plant and Machinery	4,000
Closing Stock:	
Raw Materials	21,000
Work-in-progress	5,000
Finished goods	9,000

Prepare manufacturing and Trading Account for the year ended 31st March 2011.

12. Pass necessary adjustment entries for the following adjustments:
- Interest has accrued on investments Rs. 750
 - Commission received in advance Rs. 1,200
 - To provide 10% Interest on capital of Rs. 3,00,000
 - Interest charged on drawings Rs. 1,400
 - The proprietor has withdrawn goods worth Rs. 1,300 from stock.
 - Goods in stock worth Rs. 9,000 are destroyed by fire; Insurance Company accepts the claim of Rs. 7,000.
 - Rs. 3,000 to be transferred to Reserve Fund.
 - Goods worth Rs. 2,700 distributed as free samples to customers.
13. From the following particulars prepare total debtors a/c, total creditors a/c, bills receivable a/c and bills payable a/c.

	01.01.2008Rs.	01.12.2008Rs.
Total debtors	4,00,000	7,00,000
Total creditors	1,50,000	1,50,000
Total bills receivable	1,60,000	1,60,000
Total bills payable	60,000	80,000
Cash received from the debtors during the year		3,00,000
Discount allowed to debtors		60,000
Bad debts written off		30,000
Returns inward		50,000
Cash sales		1,60,000
Cash purchases		70,000
Cash received against bills receivable		1,00,000
Cash paid to supplier (including payment of Rs. 10,000 for purchasing machine)		1,00,000
Cash paid against bills payable		30,000
Discount received from supplier		6,000
Returns outward		15,000
Bills payable dishonoured		6,000

14. On 1st July 2009, a fire took place in the godown of Ram Kumar, which destroyed the stock. Calculate the amount of insurance claim for stock from the following details:

Particulars	Rs.	Particulars	Rs.
Sales in 2007	2,00,000	Stocks as on 01.01.2009	2,70,000
Gross profit in 2007	60,000	Purchases from 01.01.2009 to 30.06.2009	4,00,000
Sales in 2008	3,00,000		
Gross profit in 2008	60,000	Sales from 01.01.2009 to 30.06.2009	7,20,000

The following are also to be taken into consideration:

1. Stock as on 31st December 2008 had been undervalued by 10%.
 2. A stock taking conducted in March 2009 had revealed that stock costing Rs. 80,000 was lying in a damaged condition. 50% of this stock was sold in May 2009 at 50% of cost and the balance was expected to be sold at 40% of cost.
15. Calculate the claim to be made under consequential loss policy:
- (i) A fire occurred on 01.07.2009 and due to this, sales affected for a period of 3 months.
 - (ii) Sales for 3 months period ending 30.09.2008 and 30.09.2009 were Rs. 15,000 and Rs. 5,000 respectively.
 - (iii) Policy has been taken for Rs. 45,000 with 6 months indemnity period.
 - (iv) Sales for the period of 12 months ending 30.06.2009 was Rs. 1,90,000.
 - (v) Accounts are closed on 31st December every year. Net profit for the year 2009 after deducting the fixed expense of Rs. 11,000 was Rs. 25,000. Sales for the year 2009 was Rs. 1,80,000. To mitigate the loss an additional expenditure of Rs. 350 has been made.
16. From the following information, prepare a Balance Sheet of Mr. X as at 31st March 2009 in order of liquidity

Particulars	Rs.	Particulars	Rs.
Plant and Machinery	1,00,000	Furniture and fixtures	20,000
Prepaid expenses	1,000	Accrued income	2,000
Income received in advance	2,000	Outstanding expenses	1,000
Bills payable	3,000	Bills receivables	2,000
Sundry debtors	1,00,000	Sundry creditors	99,000
Bank overdraft	1,00,000	Investments in shares of X Ltd.	1,00,000
Long-term loan from bank	1,00,000	Closing stock	85,000
Capital	2,00,000	Building	1,00,000
Land	10,000	Goodwill	10,000
Drawings	10,000	Net Profit	50,000
Cash-in-hand	5,000	Cash at bank	10,000

17. On 31st December 2011 the Bank column of the cash book of Devi showed a credit balance of Rs. 47,740. On examination of the cash book and the Bank statement for the period you find that:
- (i) Cheque received and recorded in the cash book not sent to bank for collection Rs. 5,460.
 - (ii) A Cheque of Rs. 1,900 paid into bank in November 2011 has been debited by the Bank by error in December 2011.

- (iii) Cheques issued amounting to Rs. 70,580 in December 2011 had been entered in the cash book as Rs. 69,500. These Cheques were not presented at the bank for payment until January 2012.
- (iv) Interest of Rs. 4020 charged by the Bank was not recorded in the cash book.
- (v) Payments side of the cash book had been undercast by Rs. 900.
- (vi) Rs. 18,460 was entered in the cash book as paid into the bank on 31st December 2011 but not credited by the bank until the following day.
- (vii) Payments received from a Customer directly by the bank Rs. 11,420 but no entry was made in the cash book.

You are required to prepare Bank reconciliation statement as on 31st December 2011 after making necessary correction in the cash book.

SECTION – C

ANSWER ANY TWO QUESTIONS:

(2 x 20 = 40)

18. A fire occurred on 1st October 2014 in the premises of Wincent & Co. Ltd. From the following figures, Calculate the amount of Claim to be lodged with the Insurance Company for loss of Stock.

Particulars	Rs.	Particulars	Rs.
Stock at cost on 01.01.2013	9,00,000	Purchases from 01.01.2014 to 30.09.2014	60,00,000
Stock at cost on 01.01.2014	7,00,000	Sales during 2013	60,00,000
Purchases during 2013	40,00,000	Sales from 01.01.2014 to 30.09.2014	88,00,000

You are informed that:

- (a) In 2014 the cost of purchases has risen by 20% over the levels prevailing in 2013.
 - (b) In 2014 the selling prices have gone up by 10% over the levels prevailing in 2013.
 - (c) Salvaged value is Rs. 50,000.
19. Raman maintains his books under single entry system. From the following information prepare Trading and Profit & Loss account for the year ending 31.12.2011 and also Balance sheet on that date.
Cash in hand in 01.01.2011 was Rs. 4,250

	31.12.2010	31.12.2011
Debtors	16,300	21,250
Stock	8,330	11,220
Furniture	850	850
Creditors	5,100	3,780

Other transactions:

Particulars	Rs.	Particulars	Rs.
Cash received from debtors	52,680	Cash sales	1275
Cash paid to Creditors	37,400	Cash purchases	4250
Salaries	10,200	Discount received	595
Rent and Rates	1,275	Discount allowed	255
Other expenses	1,530	Returns inward	850
Drawings	2,550	Returns outward	680
Additional Capital	1,700	Bad debts	170

Adjustments: Write off depreciation at 5% on Furniture, Provide doubtful debts at 1% on debtors.

20. The Treasurer of Calcutta Club is attempting to reconcile the Balance shown in cash book with that appearing on the Bank statement. According to the cash book the Balance at the Bank as on 31st May 2015 was Rs. 1,900 while the Bank statement discloses an overdraft amount of Rs. 470. Upon investigation the Treasurer discovers the following errors:

- (a) A Cheque paid to S Ltd. for Rs. 340 had been entered in the cash book as Rs. 430.
- (b) Cash paid to the Bank for Rs. 100 had been entered in the cash book as Rs. 90.
- (c) A transfer of Rs. 1500 to Savings Bank account has not been entered in the cash book.
- (d) A receipt of Rs. 10 shown on the Bank statement has not been entered in the cash book.
- (e) Cheques drawn amounting to Rs. 40 had not been presented in the Bank.
- (f) The cash book balance had been incorrectly brought down at 1st June 2015 as a debit balance of Rs. 1200 instead of debit balance of Rs. 1,100.
- (g) Bank charges of Rs. 20 did not appear in the cash book.
- (h) Receipts of Rs. 900 paid into the Bank on 31st May 2015 did not appear on the Bank statement until 01.06.2015.
- (i) A standing order payment of Rs. 30 had not been entered in the cash book.
- (j) A Cheque for Rs. 50 previously received and paid into the Bank had been returned by the bank marked "Account closed".
- (k) The Bank received a direct deposit of Rs. 100 from an anonymous member.
- (l) Cheques paid into the Bank had been incorrectly totaled. The total amount should have been 170 instead of 150.

Draw up a Bank reconciliation statement as at 31st May 2015.

21. From the following trail balance of Alagappan prepare Trading and Profit & Loss account for the year ending 31.03.2013 and also Balance sheet on that date.

Debit Balances	Rs.	Credit Balances	Rs.
Wages	35,000	Alagappan's Capital	75,000
Carriage inward	2,000	Sundry Creditors	60,000
Trade expense	9,500	Sales	2,40,000
General expense	8,000	Provision for doubtful debts	2,350
Factory lighting	900	Purchases Returns	1,200
Vehicles	5,200	Bank Loan	7,600
Postage and Stationery	800		
Insurance and Taxes	4,150		
Carriage outwards	1,800		
Salaries	16,200		
Sundry debtors	80,000		
Fixed overheads	2,450		
Purchases	95,000		
Bad debts	1,600		
Plant and Machinery	20,000		
Furniture and Fixtures	9,000		
Land	25,000		
Goodwill	40,000		
Fuel and Power	1,350		
Stock as on 01.04.2012	15,000		
Sales return	3,200		
Discounts	750		
Bank Charges & Interests	450		
Cash at Bank	8,135		
Cash in hand	665		
Total	3,86,150		3,86,150

Adjustments:

1. Stock as on 31.03.2015 Rs. 30,000
2. Unexpired Insurance Rs. 250 and Taxes Rs. 200
3. Calculate depreciation:
 - (a) Plant and Machinery-10%
 - (b) Furniture and Fixtures-15%
 - (c) Vehicles-20%
4. Maintain doubtful debt @ 5%
5. Commission is to be given to Regional Manager @ 2% on Gross profit
6. General Manager is to be given commission @ 4% on net profit.
