

B.COM DEGREE EXAMINATION – APRIL 2022
CORPORATE SECRETARYSHIP
SECOND SEMESTER

COURSE : MAJOR – CORE
PAPER : FINANCIAL ACCOUNTING
TIME : 3 HOURS

MAX. MARKS: 100

SECTION – A

Answer all the questions:

(10 x 2 = 20)

1. Write a note on 'Operating Activities' of Accounting Standard-3.
2. What is meant by down payment in a hire purchase agreement?
3. Pass the Journal entry for the following transactions:
 - (a) Goods distributed as free samples.
 - (b) Closing stock amounting to Rs 1,00,000
4. Identify the suitable basis of apportionment for the following expenses to be distributed among the departments A and B
 - (a) Rent (b) Salaries (c) Lighting (d) Carriage inwards
5. Mention few non-recurring expenses incurred by the Consignor in Consignment Accounts.
6. The manager is entitled to a commission of 10% on net profits after charging such commission. Net Profit before charging such commission is Rs 1,10,000. Find out the commission payable to Manager.
7. The hire purchase price of an asset is Rs 5,00,000 and the cash price of an asset is Rs 4,00,000. Calculate the amount of Interest.
8. Prepare the branch debtors account from the following transactions

Debtors on 1.1.2021	– Rs 10,000
Debtors on 31.12.2021	– Rs 11,500
Bad debts	– Rs 600
Discount allowed	– Rs 310
Return inward	– Rs 3000
Credit sales	– Rs 36,000
9. Calculate the commission payable to the consignee @5% on the gross sale proceeds of Rs 5,50,000.
10. Calculate the amount of profit to be shared by A and B from the following transactions in the Joint Venture agreement, if their profit sharing ratios are 3/5 and 2/5 respectively.

Income from the Joint venture agreement	– Rs 5,85,000
Expenses incurred in Joint venture agreement	– Rs 2,60,000

SECTION – B

Answer any five questions:

(5 x 8 = 40)

11. From the following particulars presented by 'A' for the year ended 31st March, 2020, prepare profit and loss account.

Particulars	Amount (Rs)	Particulars	Amount (Rs)
Gross Profit	1,00,000	Interest Received	6000
Rent paid	22,000	Bad debts	2000
Salaries	10,000	Prov for bad debts(1.4.2019)	4000
Commission(Cr)	12,000	Sundry Debtors	40000
Discount Received	2,000	Buildings	80000
Insurance Premium Paid	8,000		

Adjustments:

- i. Outstanding salaries amounted to Rs. 4,000
- ii. Rent paid for 11 months
- iii. Interest due but not received amounted to Rs. 2,000
- iv. Prepaid insurance amounted to Rs. 2,000
- v. Depreciate buildings by 10%
- vi. Further bad debts amounted to Rs. 3,000 and make a provision for bad debts @ 5% on sundry debtors
- vii. Commission received in advance amounted to Rs. 2,000

12. Mono and Anusha entered into a Joint Venture and agreed to share profits and losses in the ratio of 2:3. They opened a joint bank account in which Mono and Anusha contributed Rs. 8,000 and Rs. 10,000 respectively. They purchased material worth Rs. 15,000. They met the reconditioning cost of Rs. 3000 from the joint bank a/c. Carriage and other expenses of Rs. 3,000 were met by Anusha. The stock sold was amounting to Rs. 22,500 and the unsold stock valued at Rs. 2000 was taken over by Anusha.

Prepare Joint Venture account, Joint Bank a/c and Co-venturer's account.

13. On 1st March, 2021, Mr. A of Chennai sends 1000 boxes of tea to Mr. B of Delhi on consignment basis. Each box costs Rs. 500. Mr A pays railway freight of Rs. 1,000 and insurance of Rs. 2,000.

On 30th September 2021, Mr. B forwarded an account sales to Mr. A showing that 500 boxes have been sold @ Rs. 560 each, while 300 boxes were sold @ Rs. 550 each and the remaining boxes were sold @ Rs. 540 each. The expenses incurred by Mr. B consisted of carriage charges of Rs. 500, godown rent of Rs. 3500. Mr. B is entitled to a commission @ 5% on gross sale proceeds.

Prepare the consignment accounts in the books of Mr. A for the year ended 31.3.2022

14. From the following information relating to Chennai Branch for the year ending 31st March 2021, prepare the Branch Account in the books of head office

	Rs.		Rs.
Opening balance on 1.4. 2021:		Cheque sent to branch:	
Stock at branch	37,500	Salaries	22,500
Debtors at branch	75,000	Rent and taxes	3,750
Petty cash at branch	750	Petty cash	2,750
Goods sent to branch	6,30,000	Closing balance at	
Cash sales	1,50,000	branch on	
Cash from debtors	5,25,000	31.03.2022	
Goods returned by Branch	5,000	Stock	62,500
Credit sales	5,70,000	Debtors	1,20,000
		Petty Cash	500

15. A Ltd., purchased from B Ltd., on hire purchase terms. The cash price of the machinery was Rs 1,19,145. The amount to be paid on down payment was Rs 32,000 and balance in 3 instalments of Rs 32,000 each on 31st December every year subject to interest at 5% p.a. Depreciation is to be provided @ 15% p.a on the diminishing balances. Show the necessary interest calculations, Machinery Account and B Ltd a/c in the books of A Ltd for 3 years.

16. Journalise the following transactions:

- Insurance unexpired is Rs 200
- Salaries outstanding is Rs 10,000
- Goods in stock worth Rs 8,000 are destroyed by fire. Insurance Co., accepted the claim of Rs 6,000.
- Provide 10% interest on capital of Rs 2,50,000
- The proprietor has withdrawn goods worth Rs 5000 from stock.

17. From the following information, ascertain profits of the two departments X and Y

Particulars	Amount Rs.	Particulars	Amount Rs.
Opening Stock		Sales	
X – 15200		X – 1,00,000	
Y - 10800	26000	Y - 80,000	1,80,000
Purchase		Purchase Returns	
X – 75100		X- 1100	1,900
Y - 69800	144900	Y - 800	
Carriage Inwards	2860	Discount Received	1,430
Salaries			
X – 9000			
Y- 8500	17500		
General(Salaries)	11600		
Rent and Rates	6000		
Advertising	8100		
Insurance	1000		
General Expenses	5400		
Discount	1800		
Allowed			
Accountancy	500		
Charges			

Additional Information

- Goods transferred from department X to Y were Rs 5000. This has not been recorded
- General salaries are to be accounted equally.
- Allocate carriage inward and discount received on suitable basis.
- The area occupied in the ratio of 3:2
- The closing stock of two departments were X – Rs. 17,800, Y – Rs. 15,600
- Allocate Advertising, General expenses and Discount allowed in the ratio of sales.
- Allocate Insurance on suitable basis.

Answer any two questions:

(2 x 20 = 40)

18. From the following Trial Balance of M as on 31st Dec 2021 prepare a Trading and profit and loss account for the year ended 31.12.2021 and a balance sheet as on that date after making necessary adjustment.

Debit Balance	Amount Rs.	Credit Balance	Amount Rs.
Drawings	3,000	Capital	40,000
Plant and Machinery(1.1.2021)	10,000	Sundry creditors	5,000
Plant and machinery (addition on 1.7.2021)	2,500	Sales	60,000
Stock	7,500	Return outwards	500
Purchases	41,000	Reserve for doubtful debts	200
Return inwards	1,000	Discounts	400
Sundry debtors	10,300	Rent received	600
Furniture and Fixtures	2,500		
Freight and duty	1,000		
Carriage outwards	250		
Rent, Rates and Taxes	2,300		
Printing and stationary	400		
Trade expenses	200		
Postage and telegrams	400		
Insurance charges	350		
Salaries and wages	10,650		
Cash in hand	3,100		
Cash at bank	10,250		
	1,06,700		1,06,700

Adjustments:

- a. Stock on 31.12.2021 was valued at Rs.7,300
 - b. Write off Rs.300 as bad debts
 - c. The reserve for doubtful debts is to be maintained at 5% on debtors
 - d. Create a reserve for discount on debtors and on creditors at 2%
 - e. Depreciate Furniture and fixtures at 5% p.a. and Plant and Machinery at 20% p.a
 - f. Insurance prepaid was Rs.50
 - g. A fire occurred on 26th Dec 2021 in the godown and stock of the value of Rs. 2,500 was fully insured and the insurance company admitted the claim in full.
19. Ram purchased a van for Rs.42,000. Payment is made as Rs.10,000 down and four installments of Rs.10,000 each at the end of each year. Interest is charged at 10% per annum. Buyer depreciates the van at 10% per annum on written down value method. Ram after having paid the down payment and first installment at the end of the first year, could not pay the second installment and the hire vendor took possession of the van. The hire vendor after spending Rs.1,280 on repairs of the van sold it for Rs.31,000. Show the ledger accounts in the books of both the parties.
20. X Ltd., has a retail branch at Allahabad. Goods are sent by the Head office to the branch at invoice price (cost plus 25%). All the expenses are paid by the head office and all cash received by the branch is deposited to the head office account. Prepare Branch Stock Account, Branch Debtors Account, Branch expenses account, Branch Adjustment account.

	Rs.		Rs.
Debtors on 1.1.2021	12,000	Goods returned to the Head office at invoice price	5,000
Debtors on 31.12.2021	14,000	Salaries paid	6,000
Inventory with branch at invoice price on 1.1. 2021	16,000	Rent paid	4,000
Inventory with branch at invoice price on 31.12. 2021	17,000	Discount allowed to customers	2,000
Cash sales during the year	60,000	Bad debts written off	1,000
Amount deposited in the HO a/c during the year	1,27,000	Spoilage at invoice price	2,000

21. Mr S carries on cloth business. Following is the list of balances as on 31.12.2021

	Rs.		Rs.
Capital account	30,000	Purchases: Dept I	43,000
		Dept II	25,000
Sales		Salaries	5,400
Dept I	70,000	Office expenses	2,800
Dept II	30,000		
Creditors	12,000	Commission	2,200
Bills Payable	1,500	Advertisement	5,800
General Reserve	750	Bank charges	120
Opening Stock		Stationery	2700
Dept I	3,400		
Dept II	1,100		
Sundry Debtors	23,000	Miscellaneous expenses	1500
Bills Receivable	5,000	Discount(Dr)	1500
Furniture	1,080	Investment	6900
Rent	1,800	Cash in hand	2500
Marine Insurance	2,400	Cash at bank	7050

Adjustments

- Write off 10% depreciation on furniture.
- Provide Rs 300 for bad debts and 2% for discount on debtors
- Closing stock Dept I – Rs 4000, Dept II – Rs 1680
- Increase General Reserve by Rs 3,000
- Allocate provision for bad debts also in the ratio of 7:3

Prepare Departmental Trading, Profit and Loss account and Balance Sheet as on 31.12.2021.
