

**STELLA MARIS COLLEGE (AUTONOMOUS) CHENNAI – 600 086.**  
**(For candidates admitted during the academic year 2022-23 & thereafter)**

**SUBJECT CODE: 22BF/MC/FA14**

**B.COM (BFE) DEGREE EXAMINATION – DECEMBER 2022**  
**FIRST SEMESTER**

**COURSE : MAJOR – CORE**  
**PAPER : FINANCIAL ACCOUNTING**  
**TIME : 3 HOURS** **MAX. MARKS : 100**

**SECTION – A**

**ANSWER THE FOLLOWING:**

**(10 x 2 = 20 Marks)**

1. What is Bank Reconciliation Statement?
2. State the purpose of Accounting standards.
3. Give the meaning of a “Non-Trading Organisation.”
4. What is the purpose of preparation of Final Accounts?
5. Give the meaning of Departmental transfers.
6. How will the following appear in the Income and Expenditure accounts of a Sports Club for the year 31-12-2019?  
Stock of sports material on 1-1-2019 Rs.800, Stock of sports material on 31-12-2019 Rs.1,200, and purchase of sports material during the year Rs.5,000.
7. From the following particulars, calculate the closing branch debtors balance:  
Branch Debtors (1-1-2018) Rs.6,300, Credit sales Rs.39,000, Cash received from debtors Rs.41,200.
8. Prepare departmental trading account:  
Opening stock Rs.9,000, total purchases Rs.27,000, total sales Rs.42,000, closing stock Rs.10,800, credit purchases Rs.17,000 and credit sales Rs.5,000.
9. If an asset was purchased for Rs.50,000 on 1-1-2019, what would be its value after three years if it is depreciated at 10% p.a. by WDV method
10. Prepare Bank Reconciliation Statement as on 31-3-2019:  
Balance as per Pass book Rs.2,400  
Cheque issued but not presented Rs.1,340  
Cheques deposited but not collected Rs.1,900

**SECTION – B**

**ANSWER ANY FIVE OF THE FOLLOWING:**

**(5 x 8 = 40 Marks)**

11. A commercial company invoiced goods to its branch at cost. The head office paid all the branch expenses from its bank except petty cash expenses which were paid by the branch. From the following, prepare Branch Stock a/c, Branch Debtors a/c, Branch expenses a/c and Branch P/L a/c:  
Opening stock Rs.21,000, opening debtors Rs.37,800, Petty cash (opening) Rs.600, Goods sent from H.O. Rs.78,000, Goods returned to H.O. Rs.3,000, Cash sales Rs.52,500, Advertisement Rs.2,400, Cash received from debtors Rs.85,500, Closing stock Rs.19,500, Allowances to customers Rs.600, Discount to customers Rs.4,200, Bad debts Rs.1,800, Goods returned by customers to branch Rs.1,500, Salaries and

wages Rs.18,600, Rent and rates Rs.3,600, Closing debtors Rs.29,400, Closing petty cash Rs.300, Credit sales Rs.85,200.

12. The cash book of Mr. X showed a balance of Rs. 2,500 on 23rd September 2013. This did not agree with the pass book. From the following, ascertain the balance as per pass book:
- Cheque paid in but not cleared by bank before 23rd September - Rs.500
  - Cheques issued in favour of customers but not presented prior to 23rd September - Rs. 675
  - Commission charged by bank, but not entered in cash book Rs.25
  - Interest on Government securities collected and credited by bank not yet entered in cash book Rs.400
  - No record has been made in the cash book relating to dishonour of cheque for Rs.50
13. A company whose accounting year is the calendar year purchased on January 1, 2019 a machine for Rs.40,000. It purchased further machinery on Oct 1, 2019 for Rs.20,000 and on 1st July 2020 for Rs.10,000. On July 1, 2021, one-fourth of the machinery installed on January 1, 2019 became obsolete and was sold for Rs.6,800. Show how the machinery account would appear in the books of the company for the three years under Diminishing balance method. Depreciation is to be provided at 10% p.a.
14. From the following, prepare Income and Expenditure account of a non-profit organisation:

	Rs.		Rs.
Fee collected including Rs.80,000 on account of previous year	3,80,000	Meeting expenses	18,000
Fees outstanding for current year	10,000	Travelling expenses	6,000
Salary paid including Rs.3,000 on account of previous year	28,000	Purchase of books & periodicals (including Rs.19000 for purchase of book)	29,000
Salary outstanding at end of year	1,000	Rent	10,000
Entertainment expenses	3,000	Postage	15,000
Tournament expenses	12,000	Printing and Stationery	4,000
		Donations received	20,000

15. The proprietor of a large retail store wished to ascertain approximately the net profit of X, Y, and Z departments separately for the three months ended 31st March 2016. It is found impracticable actually to take stock on that date, but an adequate system of

departmental accounting is in use, and the normal rates of gross profit for the three departments concerned are respectively 40%, 30% and 20% on turnover before charging the direct expenses. The indirect expenses are charged in proportion to departmental turnover.

The following are the figures for the departments:

Opening stock 1-1-2016	10,000	14,000	7,000
Purchases	12,000	13,500	9,700
Sales	20,000	18,000	16,000
Direct expenses	2,000	1,500	700

The total indirect expenses for the period (including those relating to other departments) were Rs.5,400 on the total turnover of Rs.1,08,000.

Prepare a statement showing the approximate net profit making a stock reserve of 10% for each department on the estimated value on 31-3-2016.

16. Pass adjusting entries for the following adjustments:

- a. Depreciation at 10% is to be charged on machinery standing in the books at Rs.1,00,000
- b. Insurance unexpired Rs.200
- c. Salaries outstanding Rs.10,000
- d. The proprietor has withdrawn goods worth Rs.200 from stock
- e. Goods in stock worth Rs.8,000 are destroyed by fire. Insurance company accepts the claim of Rs.6,000
- f. Goods worth Rs.2,000 distributed as free samples to customers.

17. The bank overdraft of Mr. Raj on 31-12-2013 as per cash book is Rs.9,000. From the following particulars, prepare bank reconciliation statement:

- a. Unpresented cheque Rs.3,000
- b. Uncleared cheque Rs.1,700
- c. Bank interest debited in pass book only Rs.500
- d. Bill collected and credited in pass book only Rs.800
- e. Cheque of Rehman dishonoured Rs.500
- f. Cheques issued to Samar entered in cash column of cash book Rs. 300

### SECTION – C

Answer any TWO questions:

(2 x 20 = 40)

18. The following is the Receipts and Payments account of Dehradun football association for the first year ending 31<sup>st</sup> December 2017:

<b>Receipts</b>	<b>Rs.</b>	<b>Payments</b>	<b>Rs.</b>
To Donations	50,000	By Pavilion office (constructed)	40,000
To Reserve Fund (Life membership and entrance fees received)	4,000	By expenses relating to matches	900
To Receipts from football matches	8,000	By furniture	2,100
Revenue receipts:		By investment by cost	16,000
To subscription	5,200	Revenue payments:	
To Locker rent	50	By salaries	1,800
To interest on securities	240	By wages	600
To sundries	350	By insurance	350
		By telephone	250
		By electricity	110
		By sundry expenses	210
		By balance on hand	5,520
	<b>67,840</b>		<b>67,840</b>

**Additional information:**

- Subscriptions outstanding for 2017 are Rs.250.
- Salaries unpaid for 2017 are Rs.170.
- Wages unpaid for 2017 are Rs.90.
- Outstanding bill for sundry expenses is Rs.40.
- Donations received have to be capitalised.

Prepare an Income and Expenditure account and Balance sheet of the Association.

19. Prepare Trading, Profit and Loss and Balance sheet from the following trial balance of Mr. Elango:

	<b>Rs.</b>		<b>Rs.</b>
Sundry Debtors	92,000	Capital	70,000
Plant & Machinery	20,000	Purchase returns	2,600
Interest	430	Sales	2,50,000
Rent, rates, taxes and insurance	5,600	Sundry creditors	60,000
Conveyance charges	1,320	Bank overdraft	20,000
Wages	7,000		
Sales returns	5,400		
Purchases	1,50,000		

Opening stock	60,000		
Drawings	22,000		
Trade expenses	1,350		
Salaries	11,200		
Advertising	840		
Discount	600		
Bad debts	800		
Premises	12,000		
Furniture	10,000		
Cash in hand	2,060		
	<b>4,02,600</b>		<b>4,02,600</b>

**Adjustments:**

- Stock on hand 31-12-2016 Rs.90,000
- Provide depreciation on premises at 2.5%, plant at 7.5% and furniture at 10%.
- Write off Rs.800 as further bad debts.
- Provide for doubtful debts at 5% on sundry debtors.
- Outstanding rent was Rs.500 and outstanding wages Rs.400.
- Prepaid insurance Rs.300 and prepaid salaries Rs.700.

20. A merchant in Delhi has a branch in Gurgaon to which goods are sent at cost plus 25%. The branch keeps its own sales ledger and remits all cash received to the head office every day. All expenses are paid from the head office. The transactions of the branch were as follows:

	Rs.		Rs.
Stock (1-1-2014) at I.P.	11,000	Cheques sent to branch: Rent	600
Petty Cash (1-1-2014)	100	Wages	200
Debtors (1-1-2014)	100	Salary	900
Cash sales	2,650	Stock (31-12-2014) at I.P.	13,000
Credit sales	23,950	Debtors (31-12-2014)	2,000
Goods sent to branch at I.P.	20,000	Petty cash (31-12-2014)	125
Goods sent to head office	300	(Including miscellaneous income not remitted Rs.25)	
Bad debts	300	Collection from debtors	21,000
Allowances to customers	250		
Returns inwards	500		

Prepare Branch Trading and Profit and Loss a/c and Branch a/c for the year 2014.

21. From the following information, prepare departmental trading and profit and loss a/c in a columnar form of the three departments of Sun Dry Cleaners Ltd.

	Dry cleaning Rs	Darning Rs	Dyeing Rs
Stock 1-1-2016	4,00,000	3,40,000	9,40,000
Stock 31-12-2016	3,30,000	4,38,000	8,17,000
Purchases	19,59,000	6,97,000	13,73,000
Sales	40,00,000	20,00,000	40,00,000
Wages	7,28,000	3,00,000	2,46,000

- a) Goods were transferred from one department to another at cost price as follows:  
Darning to dry cleaning Rs.2,400 and to dyeing Rs.40,200,  
Dyeing to dry cleaning Rs.25,800 and to darning Rs.18,000,  
Dry cleaning to darning Rs.3,000 and to dyeing Rs.24,000
- b) Apportion equally: Stationery Rs.5,418, Postage Rs.4,050, General expenses Rs.2,37,618, Insurance Rs.10,080, Depreciation Rs.32,598,
- c) Rent & taxes Rs.1,80,000 is to be split in proportion to space occupied  
i.e. dry cleaning 4, darning 2, dyeing 2 and other space 2.

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