

STELLA MARIS COLLEGE (AUTONOMOUS), CHENNAI – 600086
(For candidates admitted during the academic year 2019-2020 and thereafter)
COURSE CODE: 19CO/MC/FA23

B.COM DEGREE EXAMINATION – APRIL 2023
CORPORATE SECRETARYSHIP
SECOND SEMESTER

COURSE : MAJOR – CORE
PAPER : FINANCIAL ACCOUNTING
TIME : 3 HOURS
100

MAX. MARKS:

SECTION – A

Answer all the questions:

(10 x 2 = 20)

1. A company has 2 departments Z and Y. Dept Z supplies goods to Dept Y at its usual selling price. From the following figures prepare Departmental Trading A/c for the year 2019.

PARTICULARS	AMOUNT (Rs.)
Opening stock (1/1/2019)	30,000
Purchases	2,10,000
Transfer to Y	50,000
Sales	2,00,000
Closing stock (31/12/2019)	40,000

2. Journalise the following :
For commission (in the Consignor's books and Consignee's books)
3. On 01/01/2007 Mr. Ashokan bought some trucks under hire – purchase system for Rs. 51,000 payable by three equal instalments combining principal and interest, the latter being a normal rate of 5% per annum. Calculate the cash price. (The present value of an annuity of one rupee for three years at 5% is Rs. 2.72325).
4. Who are the parties to a Consignment and sale of goods?
5. A machinery set cash price of which is Rs. 18,000 is sold on hire purchase system for Rs. 20,000 payable in 4 quarterly instalments of Rs.5,000 each. The first payment is made at the end of the 1st quarter. Show how interest is calculated.
6. From the following particulars, calculate closing branch debtors balance :

PARTICULARS	AMOUNT(Rs.)
Branch debtors (1/1/2019)	6,300
Credit Sales	39,000
Cash received from debtors	41,200

7. Journalize the following :
a. For goods sold for cash b. For profit on joint venture
8. Pass the Journal entry for goods distributed as samples worth Rs 5,000.
9. Discuss about the concept of Joint Venture with example.
10. Write a short note on :
a. Financial statement b. Sole proprietor

SECTION – B**Answer any five questions:****(5 x 8 = 40)**

11. From the following particulars presented by Thilak for the year ended 31st March, 2022, prepare profit and loss account.

Particulars	Amount (Rs)	Particulars	Amount (Rs)
Gross Profit	1,00,000	Interest Received	6,000
Rent paid	22,000	Bad debts	2,000
Salaries	10,000	Prov for bad debts (1.4.2021)	4,000
Commission(Cr)	12,000	Sundry Debtors	40,000
Discount Received	2,000	Buildings	80,000
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%

12. From the following details of a businessman who sells goods of small value at cost plus 50%. Prepare Hire Purchase Trading A/c

DATES	PARTICULARS	AMOUNT (Rs.)
01/01/2017	Stock out with the customers at H.P. Price	9,000
	Stock at shop at cost price	18,000
	Instalments due but not received	5,000
31/12/2017	Goods worth Rs.500 repossessed (Instalment Note due Rs.2000)	
	Cash received from customers	60,000
	Purchases made during the year	60,000
	Stock at cost at shop (excluding the goods repossessed)	20,000
	Instalments due but not received	9,000
	Stock out at Hire – purchase price with the customers	30,000

13. Miss. Seetha & Co. of Chennai consigned 50 cases of goods at Rs.200 each to Mr. Raja of Mumbai. The Consignor pays Rs.200 for insurance and for freight Rs.300. Mr. Rajan sent an account sales showing the gross proceeds at Rs.24,000. The expenses paid by Mr. Rajan were dock dues Rs.20, carriage Rs.50 warehousing expenses Rs.130. He sent the amount due to the consignor after deducting 4% commission. Give journal entries in the books of both the parties.

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

Particulars	Amount	Particulars	Amount
Opening Stock		Sales	
X – 15200		X – 1,00,000	
Y - 10800	26000	Y - 80,000	1,80,000

Purchase X – 75100 Y - 69800	144900	Purchase Returns X- 1100 Y - 800	1,900
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 Allowed	1800		
Accountancy Charges	500		

Additional Information

- (i) Goods transferred from department X to Y were Rs 5000. This has not been recorded
- (ii) General salaries are to be accounted equally.
- (iii) Allocate carriage inward and discount received on suitable basis.
- (iv) The area occupied in the ratio of 3:2
- (v) The closing stock of two departments were X – Rs17,800, Y – Rs 15,600
- (vi) Allocate Advertising, General expenses and Discount allowed in the ratio of sales.
- (vii) Allocate Insurance on suitable basis.

15. A and B enter into a Joint Venture to take a building contract for Rs 2,40,000. They provide the following information regarding the expenditure incurred by them:

Particulars	Department A Rs	Department B Rs
Materials	68,000	50,000
Cement	13,000	17,000
Wages	-	27,000
Architect's fee	10,000	-
Licence fee	-	5,000
Plant	-	20,000

Plant was valued at Rs 10,000 at the end of the contract and B agreed to take it at that value. Contract amount of Rs 2,40,000 was received by A. Show Joint Venture Account and B Account in the books of A.

16. Mr. X sends goods worth Rs. 50,000 to Mr. B for sales for 5% commission. He incurs Rs.1,500 for Freights and Rs.500 for Insurance. The goods are sold for Rs.60,000, consignee incurs Rs.500 unloading expenses and Rs.500 rent. Mr. B sends a draft after deducting his expenses and commission. Prepare necessary accounts in the books of Mr. X.

17. A Chennai head office has a branch at Madurai to which goods are invoiced at cost plus 20 %. From the following particulars, prepare Branch A/c in the head office books:

PARTICULARS	AMOUNT (Rs.)
Goods sent to branch	2,11,872
Total sales	2,06,400
Cash sales	1,10,400
Cash received from Branch Debtors	88,000
Branch debtors on 1/1/2020	24,000
Branch stock on 1/1/2020	7,680

Branch stock on 31/12/2020	13,440
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SECTION – C

Answer any two questions:

(2 x 20 = 40)

18. The proprietor of a large retail store wished to ascertain approximately the net profit of the Q, R and S departments separately for the 3 months ended 31st March 2018. 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:

PARTICULARS	Q	R	S
Opening stock (1/1/2018)	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 31/3/2018.

19. Cholan purchased a machine on hire purchase system on 1st January 2019. The terms of payment are 4 annual instalments of Rs.12,690 at the end of each year. Interest is charged @ 5 % and is included in the annual payment of Rs.12,690. Show Machinery account and Hire vendor accounts in the books of Cholan who defaulted in the payment of the third yearly payment whereupon the vendor repossessed the Machinery. Cholan provided depreciation on the machinery @ 10 % per annum on the reducing balance.
20. Aadhavan and Kathir entered into a joint venture to buy and sale Ganesh idols for the Ganesh festival. They opened a joint book account. Aadhavan deposited Rs. 2,00,000 and Kathir – 1,50,000. Aadhavan supplied Ganesh idols worth Rs. 25,000 and Kathir supplied decoration material worth Rs. 15,000. The following payments were made by the venture:
- Cost of Ganesh idols purchased Rs, 2,50, 000.
 - Transportation charges Rs. 12,000
 - Advertising Rs.7,500 and sundry expenses Rs.2,500. They sold idols for Rs.4,00,000 for cash. Aadhavan took over some idols for Rs.30,000 and Kathir took over remaining for Rs.10,000. The profit or losses were to be shared equally between co- Venturers. Prepare Joint Venture Account, Joint Bank Account and each Co- Venturer’s Account.

21. On 31st December 2021, the following Trial Balance was extracted from the books of Shri.

Debit Balances	Rs	Credit Balances	Rs
Drawings	3,000	Capital	28,000
Sundry Debtors	20,100	Sundry Creditors	10,401
Interest on Laon	300	Loan on Mortgages	9,500
Cash in Hand	2,050	Bad debts Reserve	710

Stock on 1-1-2021	6,839	Sales	1,10,243
Motor Vehicles	10,000	Purchase Returns	1,346
Cash at Bank	3,555	Discounts	540
Land and Buildings	12,000	Bills payable	2,614
Bad Debts	525	Rent Received	250
Purchases	66,458		
Sales Return	7,821		
Carriage outward	2,404		
Carriage inward	2,929		
Salaries	9,097		
Rates, Taxes and insurance	2,891		
Advertising	3,264		
General expenses	3,489		
Bills Receivable	6,882		
TOTAL	1,63,604	TOTAL	1,63,604

You are required to prepare Trading, Profit and Loss account for the year ended 31-12-2021 and Balance Sheet as on that date, after making the following adjustments.

- (i) Stock in hand on 31st December 2021 was valued at Rs 6,250
- (ii) Depreciate Land and Building at 2.5% and Motor Vehicles at 20%
- (ii) Interest on Loan at 6% p.a is unpaid for 6 months
- (iv) Salaries amounting to Rs 750 and rates amounting to Rs 350 are outstanding.
- (v) Prepaid insurance amounted to Rs 150
- (vi) The provision for bad debts is to be maintained at 5% on Sundry Debtors
- (vii) Goods costing Rs 500 were sent to a customer on sale or return for Rs 600 on 30th December 2021 and had been recorded in the books as actual sales.
- (viii) Provide for Manager's commission at 10% on net profits after charging such commission.
