

PSG COLLEGE OF ARTS & SCIENCE  
(AUTONOMOUS)

BCom DEGREE EXAMINATION MAY 2023  
(Second Semester)

Branch – COMMERCE (COST AND MANAGEMENT ACCOUNTING)

**FINANCIAL ACCOUNTING**

Time: Three Hours

Maximum: 50 Marks

**SECTION-A (5 Marks)**

Answer ALL questions

ALL questions carry EQUAL marks

(5 x 1 = 5)

- 1 Consignment Account is a \_\_\_\_\_.  
(i) Personal account (ii) Real account  
(iii) Nominal account (iv) Current account
- 2 Irrecoverable shortworking are transferred to \_\_\_\_\_.  
(i) Trading A/c (ii) P&L A/c  
(iii) P&L Appropriation A/c (iv) Balance sheet
- 3 A Person to whom the bill is endorsed is called \_\_\_\_\_.  
(i) Endorsement (ii) Endorser  
(iii) Endorsee (iv) Payer
- 4 In the books of Hire Purchaser, depreciation is charged on:  
(i) HP Price (ii) Cash Price  
(iii) Original price (iv) Market price
- 5 The objective of Branch account is to know:  
(i) Profit / loss of each branch (ii) Profit /loss of head office  
(iii) Financial position of Branch (iv) Income of the branch

**SECTION - B (15 Marks)**

Answer ALL Questions

ALL Questions Carry EQUAL Marks

(5 x 3 = 15)

- 6 a Jain of Delhi consigned 300 tins of coconut oil to Narang of Chandigarh, invoiced at Rs.200 per tin. Jain paid Rs.2,000 as carriage and other expenses. The consignor drew a bill of exchange for Rs.16,000 which was later discounted at Rs. 15,700. The consignee rendered an account sales showing the following details:

280 tins at Rs.250 per tin  
20 tins sold at Rs.260 per tin  
Storage and selling expenses Rs.5,000  
Clearing and cartage Rs.1,600  
Commission at 6% on sales.

The consignee sent a sight draft for the balance. Show Consignment account.

OR

- b A and B enter a Joint venture to take a building contract for Rs.2,40,000. They provide the following information regarding the expenditure incurred by them.

	A (Rs.)	B (Rs.)
Materials	68,000	50,000
Cement	13,000	17,000
Wages	-	27,000
Architect's fees	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 the joint venture account in the books of A.

Cont...

- 7 a A company leased a colliery on 1-1-2022 at a minimum rent of Rs.20,000 merging into a royalty of Rs.1.50 per tone with power to recoup short-workings over the first four years of the lease. The output of the colliery for the first four years was 9,000 tonnes, 12,000 tonnes, 16,000 tonnes and 20,000 tonnes respectively. Prepare ledger accounts for four years in the books of lessee.

OR

- b From the following information compute shortworkings, shortworkings recouped and shortworkings lapsed:

Royalty :50 paise per tone of coal

Minimum Rent : Rs.30,000

Output : 1<sup>st</sup> year = 10,000 tonnes

2<sup>nd</sup> year = 48,000 tonnes

3<sup>rd</sup> year= 80,000 tonnes

Shortworkings are recoverable during the first three years of lease.

- 8 a On 1-1-2019, Jayanthy sold goods to Devi on Credit for Rs.2,000 and drew a bill on Devi for Rs.2,000 for 3 months after date. Devi accepted it on 3-1-2019 and returned it to Jayanthy. On maturity, the bill was duly honoured by Devi. Pass journal entries in the books of both the parties.

OR

- b From the following particulars, find out the credit purchases:

	Rs.
Opening balance of sundry creditors	40,000
Payment by cheque	2,35,000
Payment by bills payable	25,000
Payment in cash	5,000
Discount received	2,500
Purchase returns	5,000
Closing balance of sundry creditors	47,500

- 9 a What do you understand by:  
 (a) Complete Repossession and  
 (b) Partial Repossession

OR

- b Explain the main features of Hire purchase system.

- 10 a Loyal shoe company opened a branch at Madras on 1.1.2009. From the following particulars, the Madras Branch account for the years 2009 and 2010.

	2019 Rs.	2020 Rs.
Goods sent to Madras Branch	15,000	45,000
<b>Cash sent to Branch for:</b>		
Rent	1,800	1,800
Salaries	3,000	5,000
Other expenses	1,200	1,600
Cash received from the branch	42,000	60,000
Stock on 31 <sup>st</sup> December	2,300	5,800
Petty cash in hand on 31 <sup>st</sup> December	40	30

OR

- b The following purchases were made by a business house having three departments.

Dept. A	1,000 units	At a total cost of Rs.1,00,000
Dept. B	2,000 units	
Dept. C	2,400 units	
<b>Stock on 1<sup>st</sup> January were:</b>		
Dept. A	120 units	
Dept. B	80 units	
Dept. C	152 units	
<b>Sales were:</b>		
Dept. A	1020 units at Rs.20 each	
Dept. B	1920 units at Rs.22.50 each	
Dept. C	2496 units at Rs.25 each	

The rate of gross profit is same in each case. Prepare departmental trading account.

**SECTION -C (30 Marks)**

Answer any **Three** questions

**ALL** questions carry **EQUAL** Marks (3 x 10 = 30)

- 11 Balan of Bangalore consigned 190 bags of sugar to Raghu of Chennai, invoiced goods at Rs.180 per bag. Balan paid Rs.1,200 as cartage and other expenses. The consignor drew a bill of exchange for Rs.12,000 which was later discounted at 11,800. The consignee rendered an account sales showing the following details:

100 bags sold at Rs.240 each on credit  
90 bags sold at Rs.230 each for cash  
Freight & Carriage Rs.2,000  
Transit insurance Rs.600  
Storage & Insurance Rs.1,000  
Commission at 5%

The consignee sent a sight draft for the amount due. You are required to prepare ledger accounts in the books of both the parties assuming that the consignee incurred a bad debts of Rs.400.

- 12 On 1.1.2012, Rama Collieries Ltd., leased a piece of land agreeing to pay a minimum rent of Rs.2000 in the first year, Rs.4,000 in the second year and thereafter Rs.6,000 per annum, merging into a royalty of 40 paise per tone, with power to recoup shortworkings over the first three years only.

The figures of annual output for the four years to 31<sup>st</sup> December 2015 were 1000, 10,000,18,000 and 20,000 tonnes respectively. Record these transactions in the ledger of the company.

- 13 From the following particulars, prepare (a) Total Debtors A/c  
(b) Total Creditors A/c  
(c) Bills Receivable A/c (d) Bills payable A/c.

On 1.1.2022	Rs.
Total Debtors	40,000
Total Creditors	15,000
Total Bills receivable	16,000
Total Bills Payable	6,000
<b>Transactions during the year:</b>	
Cash received from the debtors	30,000
Discount allowed to Debtors	6,000
Bad Debts written off	3,000
Returns inwards	5,000
Cash sales	16,000

Cont...

Cash purchases	7,000
Cash received against B/R	10,000
Cash paid to suppliers (Including a payment of Rs.1,000 for purchasing machine)	10,000
Cash paid against B/P	3,000
Discount received from suppliers	600
Returns inward	1,500
Bills payable dishonoured	600
<b>On 31.12.2022</b>	
Total Debtors	70,000
Total Creditors	15,000
Total Bills receivable	16,000
Total Bills Payable	8,000

- 14 Distinguish between Hire purchase system and Installment purchase system.
- 15 From the following particulars relating to Hyderabad branch for the year ended 31.12.2020, Prepare Branch A/c in the head office books:

	Rs.
Stock at the branch on 1.1.2020	15,000
Debtors at the branch on 1.1.2020	30,000
Petty cash at the Branch on 1.1.2020	300
Goods sent to Branch during 2020	2,52,000
Cash sales 2020	60,000
Received from debtors	2,10,000
Credit sales during	2,28,000
<b>Cheque sent to branch during 2020:</b>	
For salaries	9000
For rent & rates	1,500
For petty cash	1,100
Stock at the branch on 31.12.2020	25,000
Petty cash 31.12.2020	200
Goods returned by the branch	2,000
Debtors on 31.12.2020	48,000

Z-Z-Z

END