

PSG COLLEGE OF ARTS & SCIENCE
(AUTONOMOUS)

BCom DEGREE EXAMINATION MAY 2024
(Second Semester)

Branch – COMMERCE (BUSINESS ANALYTICS)

BUSINESS ACCOUNTING – II/ FINANCIAL ACCOUNTING - II

Time: Three Hours

Maximum: 75 Marks

SECTION-A (10 Marks)

Answer ALL questions

ALL questions carry EQUAL marks (10 × 1 = 10)

Module No.	Question No.	Question	K Level	CO
1	1	Under Hire Purchase System, the buyer becomes the owner. (i) After receipt of goods (ii) On payment of down payment (iii) On payment of first installment (iv) On payment of last installment	K1	CO1
	2	In case of installment system, total interest receivable by the seller is credited to (i) Interest Suspense Account (ii) Interest Account (iii) Sales Account (iv) Purchase Account	K2	CO1
2	3	Cash sent by branch but not received by the Head Office is debited by the head office to ----- Account. (i) Goods in Transit (ii) Cash in Transit (iii) Branch (iv) Cash	K2	CO2
	4	----- Accounts are prepared to know separately the profit or loss of each department. (i) Departmental (ii) Branch (iii) Insolvency (iv) Insurance Claims	K1	CO2
3	5	The average clause in a loss of stock policy discourages (i) Over-insurance (ii) Under-insurance (iii) Consequential loss (iv) Reinsurance	K1	CO3
	6	The average clause in a loss of profits policy protects the interest of the (i) Insured (ii) Insurer (iii) Workers (iv) Public	K2	CO3
4	7	At the time of admission of a new partner the firm is (i) Dissolved (ii) Continued (iii) Not effected (iv) Re-organized	K2	CO4
	8	A retiring partner is entitled to his share in the goodwill of the firm as per the (i) Old ratio (ii) Profit sharing ratio (iii) Gaining ratio (iv) Agreement between the partners	K1	CO4
5	9	If new shares are issued for the purpose of redemption of preference shares, it will not be treated as ----- of capital. (i) Irredeemable (ii) Redeemable (iii) Security Premium (iv) Cost of Economic	K1	CO5
	10	Capital Redemption reserve is created: (i) Out of share forfeiture a/c (ii) To meet legal requirements (iii) Out of securities premium a/c (iv) Voluntarily.	K2	CO5

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SECTION - B (35 Marks)

Answer ALL questions

ALL questions carry EQUAL Marks (5 × 7 = 35)

Module No.	Question No.	Question	K Level	CO
1	11.a.	Raman purchases a motor car from Bharathan whose cash price is Rs.56,000 on 01.01.2019 Rs.15,000 is paid on signing the contract and the balance is to be paid in three equal annual installments of Rs.15,000 each. The rate of interest is 15% p.a. calculate the amount of interest included in each instalment.	K4	CO1
	(OR)			
	11.b.	Mr. Raman purchased a T.V. on Hire Purchase on the following terms: Rs. 1,200 to be paid on signing the agreement. Rs. 1,700 at the end of the first year Rs. 1,600 at the end of the second year Rs. 5,500 at the end of third and last year. The hire vendors charged interest at 10% per annum on cash value of the T.V. Mr. Raman wished to provide depreciation at 10% p.a. on the diminishing balance method. Write up the necessary ledger accounts in the books of both the parties.		
2	12.a.	. A madras head office has a branch at Salem to which goods are invoiced at cost plus 20%.From the following particulars, Prepare Branch A/c in the books of Head office books: Goods sent to the branch -Rs. 2,11,872 Total sales - Rs. 2,06,400 Cash sales - Rs.1,10,400 Cash received from branch debtor - Rs. 88,000 Branch debtors 1.1.2019 - Rs. 24,000 Branch stock 1.1.2019 - Rs. 7,680 Branch stock 31.12.2019 - Rs .13,440	K5	CO2
	(OR)			
	12.b.	The following purchases were made by a business house having three departments: Department A 1,000 units Department B 2,000 units at a total cost of Rs. 1,00,000 Department C 2,400 units Stocks on 1st January were: Department A 120 units, department B 80 units and department C 152 units The sales were: Department A 1,020 units @ Rs 20 each Department B 1,920 units @ Rs 22.50 each Department C 2,496 units @ Rs 25 each The rate of gross profit is the in same in each case. Prepare departmental trading account.		

3	13.a.	Explain the key principles of investment Accounting.	K3	CO3											
	(OR)														
	13.b.	<p>A fire occurred in the business premises of Mr. Happy on 19.07.2022. From the following particulars ascertain the loss of stock and prepare a claim for insurance.</p> <table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 80%;"></th> <th style="text-align: right;">Rs.</th> </tr> </thead> <tbody> <tr> <td>Stock on 1.1.2021</td> <td style="text-align: right;">36,720</td> </tr> <tr> <td>Stock on 31.12.2021</td> <td style="text-align: right;">32,400</td> </tr> <tr> <td>Sales for 2021</td> <td style="text-align: right;">2,16,000</td> </tr> <tr> <td>Purchases for 2021</td> <td style="text-align: right;">1,46,400</td> </tr> <tr> <td>Purchases from 1.1.2021 to 19.07.2022</td> <td style="text-align: right;">1,76,400</td> </tr> <tr> <td>Sales from 1.1.2021 to 19.7.2022</td> <td style="text-align: right;">1,80,000</td> </tr> </tbody> </table> <p>The stocks were always valued at 90% of cost. The stock saved from fire was worth Rs.21,600. The amount of policy was 75,600. There was an average clause in the policy.</p>				Rs.	Stock on 1.1.2021	36,720	Stock on 31.12.2021	32,400	Sales for 2021	2,16,000	Purchases for 2021	1,46,400	Purchases from 1.1.2021 to 19.07.2022
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4	14.a.	X and Y are sharing profits and losses in the ratio of 7: 3. They admit Z for 3/7 th share in the new firm which he takes 2/7 from X and 1/7 from Y. Calculate the new profit sharing ratio of partners.	K4	CO4											
	(OR)														
	14.b.	X, Y & Z were partners in a firm, sharing profits and losses in the ratio of 3: 2: 5. 'Z' retires and on that date the firm's goodwill is valued at Rs. 80,000. Pass necessary journal entry to adjust goodwill at the time of retirement.													
5	15.a.	'Y' Company Ltd., decides to redeem 50,000 11% preference shares of Rs. 10 each at premium of 10%. For the purpose of redemption, the company decides to issue 25,000 equity shares of Rs. 10 each at a premium of 15%. The balance in profit & loss account is Rs. 14,25,000. Assume that the above decisions were implemented. Give journal entries.	K3	CO5											
	(OR)														
	15.b.	C' Ltd. acquired the business of Kamal & Co., for a consideration of Rs.5,00,000. The vendors were paid Rs. 1,40,000 in cash and the Balance in 10% debentures of Rs. 100 each, issued at 90%. Give Journal Entries.													

SECTION -C (30 Marks)

Answer ANY THREE questions

ALL questions carry EQUAL Marks (3 × 10 = 30)

Module No.	Question No.	Question	K Level	CO
1	16	Malan purchased a machine on hire purchase system on 1st Jan 2018. The terms of payment are four 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 a/c and Hire vendor A/c in the books of Malan who defaulted in the payment of third yearly payment where, upon the vendor repossessed the machinery, Malan provides depreciation on the machinery @ 10% p.a. on the reducing balance.	K4	CO1

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2	17	<p>There are two branches X and Y. Goods are invoiced to them at loaded figures of 20% and 25 % on cost respectively. The invoices to the branches are Rs. 12,000 and Rs. 20,000 respectively. Included in the item Rs.12,000 are invoices for goods costing Rs.3,000 invoiced to Branch X at Rs. 3,600, which should have been invoice to Y. Sales are all for cash being X-Rs.7,200; Y-Rs.15,000,</p> <p>Show the appropriate ledger a/c in the head office books. It may be assumed that the closing stocks are correct.</p>	K5	CO2																												
3	18	<p>Fire occurred in the premises of Bad Luck Co. Ltd. On 1.11.2022. The indemnity period lasted for 4 months during which the sales of the Company were reduced to Rs. 2,00,000 only. The company closes its account on 30th June every year. The Profit & Loss A/c for the year ended 30th June 2022 is given below:</p> <p style="text-align: center;">Profit & Loss A/c for the year ended 30.6.2022</p> <table border="1" data-bbox="438 815 1201 1276"> <thead> <tr> <th>Particulars</th> <th>Amount Rs.</th> <th>Particulars</th> <th>Amount Rs.</th> </tr> </thead> <tbody> <tr> <td>To Opening Stock</td> <td>5,00,000</td> <td>By Sales</td> <td>47,50,000</td> </tr> <tr> <td>To Purchases</td> <td>30,00,000</td> <td>By Closing Stock</td> <td>2,50,000</td> </tr> <tr> <td>To Variable expenses</td> <td>7,87,500</td> <td></td> <td></td> </tr> <tr> <td>To Standing charges</td> <td>3,62,500</td> <td></td> <td></td> </tr> <tr> <td>To Net Profit</td> <td>3,50,000</td> <td></td> <td></td> </tr> <tr> <td></td> <td>50,00,000</td> <td></td> <td>50,00,000</td> </tr> </tbody> </table> <p>The company took a loss of profit policy for a sum of Rs. 6,00,000. The sales of the company for the 12 months ending the date of fire were Rs. 50,00,000 and for the 4 months from 1.11.2021 to 28.2.2022 were Rs. 15,00,000.</p> <p>It was noted that the sales for the first four months of the year under indemnity were 20% higher than previous year. Compute the claim for loss of profit.</p>	Particulars	Amount Rs.	Particulars	Amount Rs.	To Opening Stock	5,00,000	By Sales	47,50,000	To Purchases	30,00,000	By Closing Stock	2,50,000	To Variable expenses	7,87,500			To Standing charges	3,62,500			To Net Profit	3,50,000				50,00,000		50,00,000	K5	CO3
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4	19	<p>The following is the balance sheet of X and Y who share profits in the ratio of 3:2 as on 31.3.2022.</p> <table border="1" data-bbox="535 1605 1291 1855"> <thead> <tr> <th>Liabilities</th> <th>₹</th> <th>Assets</th> <th>₹</th> </tr> </thead> <tbody> <tr> <td>X's capital</td> <td>20,000</td> <td>Buildings</td> <td>30,000</td> </tr> <tr> <td>Y's capital</td> <td>25,000</td> <td>Stock</td> <td>15,000</td> </tr> <tr> <td>Creditors</td> <td>15,000</td> <td>Debtors</td> <td>10,000</td> </tr> <tr> <td></td> <td></td> <td>Bank</td> <td>5,000</td> </tr> <tr> <td></td> <td>60,000</td> <td></td> <td>60,000</td> </tr> </tbody> </table> <p>On the date, Z was admitted as a partner on the following terms:</p> <ol style="list-style-type: none"> He will pay Rs.25,000 as capital. He will pay Rs.10,000 as goodwill and share 1/5th share in profits of the firm. The assets are to be revalued as under: <ol style="list-style-type: none"> Buildings Rs.40,000 Debtors Rs. 9,000 Stock Rs.14,000. <p>Prepare Revaluation account, Capital accounts and Balance sheet.</p>	Liabilities	₹	Assets	₹	X's capital	20,000	Buildings	30,000	Y's capital	25,000	Stock	15,000	Creditors	15,000	Debtors	10,000			Bank	5,000		60,000		60,000	K4	CO4				
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5	20	<p>Ram Ltd. issued to the public 5,000 shares of Rs. 100 each at a discount of 5% payable as follows:</p> <p>On application Rs. 25 On allotment Rs.34 On first & final call Rs. 36</p> <p>Applications were received for 4,800 shares and all of these were accepted. All the money due was received except the first and final call on 300 shares which were forfeited. 200 of these shares were reissued at Rs. 90 as fully paid. Show the required cash book and journal entries in the company's books.</p>	K4	CO5																												