

PSG COLLEGE OF ARTS & SCIENCE  
(AUTONOMOUS)

BCom DEGREE EXAMINATION DECEMBER 2023  
(Second Semester)

Branch – COMMERCE (COST & 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. Joint venture is a \_\_\_\_\_.  
(i) Personal Account (ii) Nominal Account  
(iii) Real Account (iv) Memorandum Account
2. Short working is \_\_\_\_\_.  
(i) Excess of minimum rent over the actual royalties  
(ii) Excess of actual output over the standard output  
(iii) Excess of actual royalties over the minimum rent  
(iv) Excess of standard output over the actual output
3. Which bill is drawn and accepted in the same country?  
(i) Trade bill (ii) Foreign Bill (iii) Inland bill (iv) Accommodation bill
4. Hire purchase price includes \_\_\_\_\_.  
(i) Cash price and interest (ii) Cash price + Down payment  
(iii) Down payment + Interest (iv) Cash price + Installment
5. Under debtor's system branch account is \_\_\_\_\_.  
(i) Real A/c (ii) Personal A/c (iii) Normal A/c (iv) Memorandum A/c

SECTION - B (15 Marks)

Answer ALL Questions

ALL Questions Carry EQUAL Marks

(5 x 3 = 15)

6. a) Prem consigned 200 boxes of Medicines @ Rs.100 per box to Ram. He incurred the following expenses:  
Insurance Rs. 1,000  
Loading Charges Rs.1, 600  
Freight Rs. 1, 400  
An account sale was received from Ram which showed that 160 boxes were sold @ Rs.200 box.  
Ram incurred the following expenses:  
Clearing Charges Rs. 1, 000  
God own rent Rs. 400  
Advertisement Rs. 600  
Other selling expenses Rs. 1, 000  
Ascertain the value of stock on consignment and show also the relevant entry.

OR

- b) What is Joint venture? What are its main features?
7. a) Minerals Ltd. Leased a property from Shri.P.Jana at a royalty of Rs.1.50 per ton with a minimum rent of Rs.20,000 per annum. Each ears excess of minimum rent over royalties is recoverable out of royalty of next three years. In the event of strike and the minimum rental not being reached, the lease agreement provided that the actual royalties earned for the year discharged all rental obligation for the year.

Year	Actual royalty Rs.
2005	6,600
2006	18,000
2007	22,200

Prepare Minimum rent A/c, in the books of mineral Ltd.

OR

- b) Bee Ltd. took a right to publish and sell books from Smith for 5 years. The minimum rent was fixed at ₹20000. Royalty was fixed at ₹4 per book. Bee Ltd. has a right to recoup the short-workings in the first 4 years. The sales in the 5 years are given. Calculate the Royalty payable and short-workings.

Year	Books sold
1	3000
2	4000
3	6000
4	6500
5	8000

8. a) On 01-05-2019 Mohan gave his acceptance for three months bills of Rs 6,000 drawn by of Murali. Murali sent the bill to bank for collecting the amount on maturity. After maturity Murali received information from the bank that the bill was duly honored by Mohan and bank charged Rs.20 for collection. Show the entries in the books of Murali and Mohan.  
OR
- b) On 1st January, 2017, Ajay sold goods to Bhushan for ₹ 10,000. Ajay draws a bill of exchange for two months for the amount due which Bhushan accepts and returns it to Ajay, Bhushan met the bill on the due date. Pass Journal entries in the books of Ajay and Bhushan.
9. a) On 1.1.2008, X purchased machinery on hire purchase system. The payment is to be made Rs.4,000 down (on signing of the contract and Rs. 4,000 annually for three years. The cash price of the machinery is Rs. 14,900 and te rate of interest is 5%. Calculate the interest in each year's instalments.  
OR
- b) X purchased a machine under hire purchase system. According to the terms of the agreement Rs.40,000 was to be paid on signing of the contract. The balance was to be paid in three annual instalments of Rs.25,000 each plus interest. The cash price was Rs.1, 40,000. Interest is chargeable on outstanding balance at 20% per annum. Calculate interest for each year and the instalments amount.
10. a) ABC Ltd. is a company that has its branch office in Chennai, India, and the following is the transaction between its branch and head office during the year January 2018 – to December 2019. In this example, the head office sends goods to the branch at the cost price.
- Opening Stock at Branch as on January 1, 2018 = 1,000
  - Debtors.as on January 1, 2018 = 2,000
  - Goods Sent to Branch by Head Office = 10,000
  - Goods Returned by Branch to Head Office = 50
  - Cash Sales = 5,000
  - Credit Sales = 8,000
  - Cash Collected from Debtors = 7,000
  - Salaries and Wages = 60
  - Rent = 150
  - Sundry Expenses = 40
  - Closing Stock as of December 31, 2018 = 1,500
  - Debtors as of December 31, 2018 =1,000
- OR
- b) Here, goods sent to the branch are at a selling price, which is cost plus 50%. The branch remits all cash received to HO, and the HO pays branch expenses directly. The branch only maintains stock and sales ledger. Rest all transactions HO holds in its books.
- Opening Stock at Selling Price = 15,000
  - Opening Debtors = 5,000
  - Goods Received from HO at Selling Price = 21,000
  - Cash Sales = 10,000
  - Credit Sales = 15,000
  - Goods Returned to HO at Selling Price = 3,000
  - Discount allowed to Debtors = 800
  - Bad Debts Written Off = 200
  - Expenses = 500
  - Closing Stock at Selling Price = 3,000

**SECTION -C (30 Marks)**

Answer ALL questions

ALL questions carry EQUAL Marks

(5 x 6 = 30)

11. a) Balan of Bangalor consigned 190 bags of sugar to Raghul of Chennai, Invoicing goods at Rs.180 per Bag. Balan paid Rs.1200 as cartage and other expenses. The consignor drew a bill of exchange for Rs.12000 which was later discounted at 11800. 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.2000
  - Transit insurance Rs.600
  - Storage & Insurance Rs.1000
  - Commission at 5%
- The consignee sent a sight draft for the amount due. You are required to prepare ledger accounts in the book of both the parties assuming that the consignee incurred a bad debt of Rs.400.  
OR
- b) Difference between Joint venture and consignment.
12. a) Mani took a colliery on lease. The dead rent was Rs.750 a year, merging into a royalty of 35 paise per tone of coal raised, with the right to recover short working out of royalties of two subsequent years from the period in which the short workings arose, the output raised were.
- I Year -1,000 tonnes
  - II Year - 1,500 tonnes
  - III Year -2,500 tonnes
- Give necessary ledger a/cs for each of the three years in the books of Mani.

12 Cont...

OR

- b) On 1.1.2005, Deepak collieries Ltd., leased a piece of land agreeing to pay a minimum rent of Rs.2,000 in the first year, Rs.4,000 in their second year and thereafter Rs.6,000 per annum, merging into a royalty of 40 paise per tonne, with power to recoup short workings over the first three years only. The figures of annual output for the four years to 31<sup>st</sup> December 2008 were 1, 000, 10, 000, 18,000 and 20,000 tonnes respectively. Record these transactions in the ledger of the company.
13. a) Find out the Average due date of the following bills accepted by a trader who wishes to settle them with one single payment.

Date of Bill	Amount of Bill	Due date
01/04/2020	800	06/06/2020
30/04/2020	1,000	03/08/2020
03/06/2020	400	06/07/2020
15/06/2020	600	18/09/2020

OR

- b) Kannan purchased goods from Raman the due dates for a payment in cash being as follows:

	Rs.	
Mar.15	1,000	Due 18 <sup>th</sup> April
Apr.21	1,500	Due 24 <sup>th</sup> May
Apr.27	500	Due 30 <sup>th</sup> June
May.15	600	Due 18 <sup>th</sup> July

Raman agreed to draw a bill for the total amount due on the average due date. ascertain that date.

14. a) Pradyuman sells goods on H.P system at cost plus 60%. From the following prepare Hire Purchase Trading a/c.

	Rs.
Jan 1. Goods out on H.P. system at H.P. Price	32,000
Dec.31 Instalments not due and unpaid	72,000
Instalments due and unpaid	4,000

The following transactions took place during the year: -

a) Goods sold on H.P .Price	1,60,000
b) Cash received from customers at H.P price	1,12,000
c) Goods received back on default valued at (Instalment due Rs 4,000)	800

OR

- b) Krishna sell products on H.P terms, the price being cost plus 33 1/3%. From the following particulars for the year ended 31.12.2006, prepare the necessary accounts on stock- debtors system to reveal the profit earned.

1.1.2006	Stock out hire at H.P. price	16, 00,000
	Stock in hand at shop	2, 00,000
	Instalments due (customers still paying)	1,20,000
31.12.2006	Stock out on hire at H.P.Price	
	Stock in hand, at the shop	18, 40,000
	Instalments due (customers still paying)	2,00,000
	Cash received during the year	32, 00,000

15. a) Manian Ltd., of Calcutta has a branch at Patna. Goods are invoiced to the Patna branch, the selling price being cost plus 25%.

The Patna branch keeps its own sales ledger and transmits all cash received to Calcutta. All expenses are paid from Calcutta. From the following details prepare the Patna branch A/c for the year 2007.

Stock (1.1.2007)(invoice price)	1,250
Stock (31.12.2007)(invoice price)	1,500
Debtors (1.1.2007)	700
Debtors (31.12.2007)	900
Cash sales for the year	5,400
Credit sales for the year	3,500
Goods invoiced from Calcutta	9,100
Rent	400
Wages	340
Sundry expenses	80

OR

- b) A head office at Bhopal invoices goods to its branch at indoor at cost, and the branch sells the goods not only for cash but on credit also. The expenses of the branch are paid by the had office. From the following particulars relation to the branch opened on 1.1.2008, prepare the necessary accounts under stock and debtors system in the head office books.

	RS.		Rs.
Goods sent to branch at cost	5,000	Credit sales	5,200
Goods returned by the branch at cost	300	Discount allowed to customers	180
Expenses paid by the head office	1,000	Cash sales	250
Remittance from branch	4,200	Branch stock (31.12.08)	1,700
Receipts from debtors not paid in by branch	300	Branch debtors(31.12.08)	770

Z-Z-Z

END