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PSG COLLEGE OF ARTS & SCIENCE (AUTONOMOUS)

BCom DEGREE EXAMINATION MAY 2025

(Second Semester)

Branch - COMMERCE (COST & MANAGEMENT ACCOUNTING)

FINANCIAL ACCOUNTING

Time: Three Hours

Maximum: 75 Marks

SECTION-A (10 Marks)

Answer ALL questions

ALL questions carry EQUAL marks

 $(10 \times 1 = 10)$

Module No.	Question No.	Question	K Level	СО
1	1	What is a consignment? a) Sale of goods b) Temporary transfer of goods c) Transfer of ownership d) Permanent transfer of goods	K 1	CO1
	2	What is the benefit of joint venture accounting? a) Simplified financial reporting b) Reduced tax liability c) Improved financial management d) Increased transparency	K2	CO1
2	3	What is the purpose of royalty accounting? a) To record sales revenue b) To record expense c) To calculate tax liability d) To track intellectual property usage	K1	CO2
	4	What is an insurance claim? a) Request for payment from insurer b) Payment made by insurer c) Policy application d) Policy renewal	K2 ·	CO2
3	5	Who draws a bill of exchange? a) Pavee b) Drawee (debtor) c) Drawer (creditor) d) Banker	K1	CO3
	6	Which of the following is a type of self-balancing ledger? a) Simple ledger b) Compound ledger c) Balanced ledger d) Control ledger	K2	CO3
4	7	How is depreciation calculated for hire purchase assets? a) Over useful life b) Over lease period c) Over loan term d) Immediately	K1	CO4
	8	How is revenue recognized in an installment sale? a) Upon delivery b) Over installment period c) Upon payment d) At end of contract	K2	CO4
5	9	How are branch accounts classified? a) Fixed and variable b) Autonomous and non-autonomous c) Independent and dependent d) Real and nominal	K1	CO5
	10	How are departmental profits/losses calculated? a) Revenue – Expenses b) Revenue + Expenses c) Assets – Liabilities d) Assets + Liabilities	K2	CO5

SECTION - B (35 Marks)

Answer ALL questions

ALL questions carry EQUAL Marks $(5 \times 7 = 35)$

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 and freight Rs.1,400. An account sales was received from Ram which showed that 160 boxes were sold @ Rs.200 per box. Ram incurred the following expenses: Clearing charges Rs.1,000, Godown rent Rs.400, Advertisement Rs.600 and other selling expenses Rs.1,000. Calculate the value of stock on consignment and show also the relevant entry. (OR) A and B were partners in a joint venture sharing profits and losses equally. A supplied goods to the value of Rs.10,000 and incurred expenses amounted to Rs.800. B supplied goods to the value of Rs.8,000 and his expenses amounted to Rs.800. B sold the entire goods on behalf of the joint venture and realised Rs.24,000. B was entitled to a commission of 5% on slaes. B settled his account by bank draft. Show	Module	Question No.	Question	K Level	CO
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equally. A supplied goods to the value of Rs.10,000 and incurred expenses amounted to Rs.800. B supplied goods to the value of Rs.8,000 and his expenses amounted to Rs.800. B sold the entire goods on behalf of the joint venture and realised Rs.24,000. B was entitled to a commission of 5% on slaes. B settled his account by bank draft. Show		(OR)			
the ledger accounts in the books of A and B under Memorandum Joint venture method.		11.b.	equally. A supplied goods to the value of Rs.10,000 and incurred expenses amounted to Rs.800. B supplied goods to the value of Rs.8,000 and his expenses amounted to Rs.800. B sold the entire goods on behalf of the joint venture and realised Rs.24,000. B was entitled to a commission of 5% on slaes. B settled his account by bank draft. Show the ledger accounts in the books of A and B under Memorandum Joint	Cont	

	12.a.	Examine the different technical terms used in royalty accounts.	-	
		(OR)		
		A fire occurred in the business premises of Raghavan on 19-9-2023.	K4	CO2
		From the following particulars ascertain the loss of stock and prepare a		
2		claim for insurance.		
		Particulars Rs.		
		Stock on 1-1-2022 36,720 Stock on 31-12-2022 32,400		
	12.b.	Sales for 2022 2,16,000		
	12.0.	Purchases for 2022 1,46,400		
		Purchases from 1-1-2023 to 19-7-2023 1,76,400		
		Sales from 1-1-2023 to 19-7-2023 1,80,000 The stocks were always valued at 90% of cost. The stock		
		saved from fire was worth Rs.21,600. The amount of the policy was		
}		Rs.75,600. There was an average clause in the policy.		
		On 1st May 2023, Madhan accepted a two months bill for Rs.10,000		
	,	drawn on him by Mani for the latter's benefit. Mani discounted the bill		
	13.a.	on 4th May @12% p.a and on the due date sent Madhan a cheque for		
}	1514	Rs.10,000 in order to enable him to honour the bill. Madhan duly honoured his acceptance. Pass journal entries in the books of Mani and		
		Madhan.		
		(OR)		CO3
		From the following details find out the credit purchases and total		
3		purchases:	K2	
[.		Particulars Rs. Particulars Rs.		
		Cash purchases 29,000 Bills payable paid during		
1.	13.b.	Bills payable (opening) 7,500 the year 10,500 Bills payable (closing) 2,500 Purchase return 1,500		
		Bills payable (closing) 2,500 Purchase return 1,500		
		Creditors (closing) 18,000 creditors 800		
		Bills payable dishonored 300	1	
		Cash paid to creditors 25,000		
,		Malan purchased a Machine on Hire Purchase system on 1st January		CO4
1		2023. The terms of payment are four annual installment of Rs.12,690		
	14.a.	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 account in the book of		
4		Malan who defaulted in the payment of the third yearly payment	K4	
		whereupon the vendor repossessed the Machinery. Malan provides		
		depreciation on the Machinery @ 10% pa., on the reducing balance.		
		(OR)		
	14.b.	Distinguish between hire purchase system and installment system.		
		From the following particulars prepare a branch account showing the		CO5
		profit or loss at the branch.		
		Particulars Rs.		
		Opening stock at the branch 15,000 Goods sent to the branch 45,000	;	
	15.a.	Goods sent to the branch 45,000 Sales 60,000	К3	
5		Salaries 5,000	C.A.	
		Other expenses 2,000		
		Closing stock could not be ascertained but it is known that the branch		
		usually sells at cost plus 20%. The branch manager is entitled to a commission of 5% on the profit of the branch before charging such		
		commission.		
	 	(OR)		
	Krishna company has three departments namely A, B and C. from the			
	15.b.	particulars given below, compute the value of stock on 31-12-2023 for		
		each department.		
		Particulars A B C Stock on 1.1.2021 24,000 36,000 12,000		
		Stock on 1.1.2021 24,000 36,000 12,000 Purchases 1,46,000 1,24,000 48,000		
		Sales 1,80,000 1,59,000 80,000		i
		Gross profit on cost 20% 25% 33.33%		
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 $(3 \times 10 = 30)$

SECTION -C (30 Marks) Answer ANY THREE questions

ALL questions carry EQUAL Marks K CO Module Question Ouestion Level No. No. Rahim of Bombay consigned to Raju of Chennai goods to be sold at invoice price which represents 125% of cost. Raju is entitled to a commission of 10% on sales at invoice price and 25% of any excess realised over invoice price. The expenses on freight and insurance incurred by Rahim were Rs.10,000. The account sales received by Rahim shows that Raju effected sales aggregating to Rs.1,00,000 in respect of CO₁ K4 16 75% of the consignment. He selling expenses to be reimbursed were 1 Rs.8,000. 10% of the consignment goods of the value of Rs.12,500 were destroyed by fire at the Chennai godown and the insurance company paid Rs.12,000 not of salvage. Raju remitted the balance in favour of Rahim. Prepare consignment account and the account of Raju in the books of Rahim along with necessary working. A company acquired lease of a mine at a minimum rent Rs.10,000 p.a. the royalty was fixed at Rs.0.50 per tones. Short working could be recouped within three years following the year in which the short workings occur. If there is stopped of production due to strike in any year, the minimum rent world be proportionately reduced in regard to the length of the K4 CO₂ 17 stoppage. 2 The output (in tonnes) of the mine was as follows: 2019 - Rs.12,500 2020 - Rs.21,5002018 - Rs.8,000 2022 - Rs.17,000 (strike) 2023 - Rs.30,0002021 - Rs.26,000 During 2022, there was strike leasing for 3 months. Show the necessary ledger account for each of the years in the books of the company. Prepare total debtors account from the following details. Rs. **Particulars** 40,000 Debtors balance (Dr) on 1.4.2022 3,60,000 Cash and cheque received till 31.3.2023 1,40,000 B/R received from trade debtors 20,000 B/R dishonoured CO₃ **K5** 18 3 8,000 Bad debts written off 15,000 Sales returns 10,000 Discount allowed 6,000 Interest charged to debtors 6,000 Transfer from creditors ledger 4,90,000 Credit sales during the year From the following details of a businessman who sells of small value at cost plus 50%. Prepare Hire purchase Trading A/c. Rs. **Particulars** Date 9.000 Stock out with the customers at H.P. Price 1-1-23 18,000 Stock at shop at cost price 5,000 Instalment due but not received Goods worth Rs.500 repossessed 31-12-23 (Inst. Not due Rs.2,000) K5 **CO4** 19 4 60,000 Cash received from customers 60,000 Purchases made during the year 20,000 Stock at cost at shop (excluding the goods repossessed) 9,000 Instalments due but not received 30,000 Stock out at Hire Purchase price with the customers. Distinguish between department accounts and branch accounts. K4 CO₅ 20 5