

**PSG COLLEGE OF ARTS & SCIENCE  
(AUTONOMOUS)**

**BA & BSc DEGREE EXAMINATION MAY 2025  
(Second Semester)**

Common to Branches – ECONOMICS / MATHEMATICS

**ACCOUNTANCY - II**

Time: Three Hours

Maximum: 75 Marks

**SECTION-A (10 Marks)**

Answer ALL questions

ALL questions carry EQUAL marks

(10 × 1 = 10)

Question No.	Question	K Level	CO
1	Consignor and consignee relationship is that of a) Buyer and seller                      b) Principle and agent c) Debtor and creditor                  d) Partner	K1	CO1
2	Invoice price means a) Cost price                                  b) Purchase price c) Selling price                              d) Cost of sales	K2	CO1
3	Income and expenditure a/c reveals a) Cash in hand                              b) Surplus or deficiency c) Net profit                                  d) Gross profit	K1	CO2
4	Entrance fees are generally a) Capitalized                                  b) Taken as income c) Treated as liability                      d) Treated as asset	K2	CO2
5	Under Diminishing Balance method, depreciation is calculated on a) Original cost                              b) Scrap value c) Written down value                      d) Purchase price	K2	CO3
6	Under annuity method, the amount of depreciation is a) Increasing every year                      b) Decreasing every year c) Fixed for all the year                      d) Either (a) or (b)	K1	CO3
7	Hire purchase price includes a) Cash price + interest                      b) Cash price + down payment c) Downpayment + interest                  d) Cash price – interest	K1	CO4
8	Down payment is the payment made a) At the time of paying the first instalment b) At the time of signing the agreement c) At the time of paying the last instalment d) At the time of repossession	K2	CO4
9	Turnover ratio is also known as a) activity ratios.                              b) solvency ratios. c) liquidity ratios.                              d) profitability ratios.	K1	CO5
10	Debt equity ratio is a) Profitability ratio                              b) Turnover ratio c) Short term solvency ratio                  d) Long term solvency raito	K2	CO5

**SECTION - B (35 Marks)**

Answer ALL questions

ALL questions carry EQUAL Marks

(5 × 7 = 35)

Question No.	Question	K Level	CO
11.a.	Rajesh of Madurai sends 150 sewing machines on consignment to Murali of Bangalore . The cost of each machine is Rs. 2,000.But it was invoiced at Rs. 2,500. Rajesh spent Rs.6,000 towards freight. Murali sold 113 machines at Rs. 3,120 each. His selling expenses amounted to Rs. 3,000. He is entitled to 6% selling commission and 2% del credere commission. Prepare necessary ledger accounts in the books of Rajesh .	K3	CO1
	(OR)		
11.b.	Difference between 'Sale' and 'Consignment' .		

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12.a.	The ' U ' club gives its Receipts and Payments A/c for 2023, Prepare Income & Expenditure A/c :				K4	CO2
	Receipts & Payment A/c					
	Rs.		Rs .			
	To Balance b/d	1,200	By Sports equipment	3,500		
	To Subscription	15,300	By Rent	1,000		
	To Sale of newspapers	300	By Cost of entertainment	10,100		
	To Donation for buildings	10,100	By Miscellaneous expenses	800		
	To Sale of furniture	600	By Investments	10,000		
			By Balance c/d	2,100		
		27,500		27,500		
Investments consisted of 4% Govt. Loan and were purchased on 01.01.2023. Subscription included Rs. 700 for 2022 and Rs. 200 for 2024. Subscription for 2023 still receivable were Rs. 1,500 but of these Rs. 200 were considered doubtful.						
(OR)						
12.b.	From the following details, prepare Receipts & Payments A/c of the Chennai sports club for the year ended 31.12.2023.					
		Rs.		Rs.		
	Balance on 1.1.23	6,000	Subscription For:			
	Entrance fees	11,000	2022	4,000		
	Rent paid	1,04,000	2023	3,38,000		
	Stationery purchases	61,360	2024	6,000		
	Billiards table purchases	78,000	Interest paid	30,000		
	Wages paid	1,06,600	Donations	10,000		
	Repairs & Renewals	16,120	Special subscription for annual day party	69,000		
13.a.	A Lease of Land was acquired on 1 <sup>st</sup> January 2019 at a cost of Rs. 30,000. It is decided to depreciate it under the annuity method at 5% interest. Annuity tables show that at 5% Rs. 1 over 5 years is equivalent to Rs. 0.230975 annually, Write up the lease account for 5 years .				K3	CO3
	(OR)					
13.b.	Distinguishing between 'Straight line method' and 'Diminishing Balance Method.					
14.a.	X Company Limited has a hire purchase department. Goods are sold on hire purchase at cost plus 50 %. From the following particulars find out the profit or loss made in the Hire Purchase department.				K4	CO4
	Date	Particulars	Amount			
	Jan.1	Goods out on H.P. (at H.P. Price )	75,000			
		Goods sold on H.P. during the year (at H.P.Price)	4,05,000			
		Cash received during the year	2,80,000			
		Goods received back (instalments due Rs.20,000)	2,500			
	Dec.31	Goods with H.P. Customers (at H.P. price )	1,50,000			
(OR)						
14.b.	Exe. Ltd has a hire-purchase department . Goods are sold on hire purchase at cost price 60% . From the following particulars find out the profit or loss made in this department.					
	2023	Particulars	Amount			
	Jan.1	Goods out on hire purchase (at hire purchase price )	16,000			
	Dec.31	Goods sold on hire purchase during the year (at hire purchase price )	80,000			
		Cash received during the year	56,000			
		Goods received back valued at (hire purchase instalments unpaid Rs. 2,000	300			
		Goods with hire purchase customers (at hire purchase price )	36,000			

15.a.		The following is the Balance Sheet of Rajan Limited as on 31 <sup>st</sup> March 2020.			
		Liabilities	Rs.	Assets	Rs.
		Equity share capital	1,00,000	Fixed assets	3,60,000
		7% Preference share capital	20,000	<b>Less :</b>	
				Depreciation	1,00,000
		Reserves and surplus	80,000	<b>Current assets :</b>	2,60,000
		6% Mortgage debentures	1,40,000	Cash	10,000
		<b>Current Liabilities :</b>		Investments	30,000
		Creditors	12,000	(Govt. securities @ 10% interest )	
		Bills Payable	20,000	Sundry debtors	40,000
		Outstanding expenses	2,000	Stock	60,000
		Taxation Provision	26,000		
			4,00,000		4,00,000
Other information:					
(i) Net Sales					
(ii) Cost of Goods sold					
(iii) Net Income before tax					
(iv) Net Income after tax					
Calculate Liquidity ratio and Profitability ratio .					

**SECTION -C (30 Marks)**

Answer ANY THREE questions

ALL questions carry EQUAL Marks

(3 × 10 = 30)

Question No.	Question	K Level	CO
16	Ram & Bros. of Delhi consigned goods of the value of Rs. 5,000 to their agent, Mazda & Co. of Ceylon. They paid thereon Rs. 120 for freight and carriage and Rs. 80 for insurance. They drew a bill of Mazda & Co. for Rs. 2,000 as advance against consignment and discounted the same for Rs. 1,950. They received account sales showing that three-fourths of the goods were sold for Rs. 5,200 and Mazda & Co's expenses amounted to Rs. 175 and their commission to Rs. 300. The unsold stock was valued at cost plus proportionate charges, and a to months draft was received from Mazda & Co.in settlement of the account to date. Journalise the transaction in the books of Ram & Bros. and drew up consignment account and consignee's account.	K4	CO1

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17	From the under- noted Receipts & Payments A/c. Prepare an Income & Expenditure A/c for the year ended 31.12.2022 of Arul Club.				K5	CO2			
	Receipts		Rs.	Payments			Rs.		
	1.1.2022			31.12.2022					
	To Balance b/ d		6,000	By Furniture			4,000		
	31.12.2022			By Building			36,000		
	To Entrance fees		400	By Ground rent			1,000		
	To Subscriptions		46,000	By Electricity			4,800		
	To Interest received		2,600	By Ground up keep			4,800		
	To Sundry receipts		600	By Municipal taxes			560		
	To Receipts from Annual dinner party		6,400	By Cost of Annual dinner			5,000		
				By Insurance			1,440		
				By Printing & Stationery			400		
				By Balance c/d			4,000		
			62,000				62,000		
	The following adjustment are required to be posted : Subscriptions include Rs. 1,200 due for 2021 and Rs. 1,400 advance subscription for 2023. Subscription due for 2022 was Rs. 1,600 . Interest accrued was Rs.200. Insurance prepaid was Rs. 300. Printing dues not paid Rs. 100. Depreciate furniture @ 10%.								
	18	A company purchased a second -hand machinery on 1 <sup>st</sup> January, 2021 for Rs. 37,000 and immediately spent Rs. 2,000 on its repairs and Rs. 1,000 on its erection. On 1 <sup>st</sup> July 2022, it purchased another machine for Rs. 10,000 and on 1 <sup>st</sup> July , 2023, it sold off the first machine purchased in 2021 at Rs. 28,000. On the same date it purchased machinery for Rs. 25,000. On 1 <sup>st</sup> July, 2024 the second machinery purchased for Rs.10,000 was sold off for Rs. 2,000. Depreciation was provided on Machinery at the rate of 10% on the original cost annually. Give the Machinery Assent for four years commencing from 1 <sup>st</sup> January , 2021.					K3	CO3	
19	A trading company has a hire purchases department. Goods are sold on hire purchase on cost plus 40% . From the following information, prepare Hire purchase Trading Account, in the books of the company:				K4	CO4			
			Rs.						
	1.1.2019	Goods out to hire purchases at hire purchase price	63,000						
	31.12.2019	Goods sold on hire purchase at hire purchases price	3,15,000						
	Cash received		2,10,000						
	Goods repossessed ( Hire purchase instalment unpaid Rs. 8,400 ) valued at		2,400						
	Goods with hire purchases customers at hire purchases price		1,36,500						
20	What do you understand by ratio analysis ? Explain the limitations of ratio analysis.				K4	CO5			

Z-Z-Z

END