

PSG COLLEGE OF ARTS & SCIENCE
(AUTONOMOUS)

BCom DEGREE EXAMINATION DECEMBER 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 × 1 = 10)

Module No.	Q. No.	Question	K Level	CO
1	1	What is the primary objective of consignment? a) To sell goods b) To transfer ownership c) To reduce inventory d) To test market demand	K1	CO1
	2	How are profits and losses shared in a joint venture? a) Equally b) In agreed-upon ratio c) Based on investment d) Based on revenue generated	K2	CO1
2	3	What is a royalty agreement? a) Contract outlining payment terms b) License to use intellectual property c) Partnership agreement d) Employment contract	K1	CO2
	4	What is the purpose of an insurance claim account? a) To record premium payments b) To track policyholders' information c) To process and settle claims d) To invest insurance funds	K2	CO2
3	5	What is a bill of exchange? a) Written order to pay money b) Promissory note c) Cheque d) Letter of credit	K1	CO3
	6	How are financial statements prepared in a single entry system? a) From trial balance b) From ledger accounts c) From cash book d) By estimation	K2	CO3
4	7	Who is the hirer in a hire purchase agreement? a) Lessee b) Seller c) Lender d) Buyer	K1	CO4
	8	What is an installment purchase system? a) Payment plan for goods/services b) Type of loan c) Leasing agreement d) Credit sale	K2	CO4
5	9	How are transactions between branches recorded? a) Journal entries b) Inter-branch transactions c) Ledger accounts d) Consolidation entries	K1	CO5
	10	How are inter-departmental transactions recorded? a) Journal entries b) Ledger accounts c) Inter-departmental transfers d) Consolidation entries	K2	CO5

SECTION - B (35 Marks)

Answer ALL questions

ALL questions carry EQUAL Marks

(5 × 7 = 35)

M. No.	Q. No.	Question	K Level	CO
1	11.a.	David of Coonor consigns 2,000 cases of goods costing Rs.100 each to Sunder of Chennai. David pays the following expenses: Freight Rs.6,000, Carriage Rs.2,000 and Landing charges Rs.2,000. Sunder sells 1,400 cases at Rs.140 per case and incurs the following expenses: Clearing charges Rs.1,700, Warehousing & Storage Rs.3,400 and Packing & Selling expenses Rs.1,200. It is found that 100 cases have been lost in transit and 200 cases are still in transit. Sunder is entitled to a commission of 10% on gross sales. Prepare (i) Consignment a/c and (ii) Sunder a/c in the books of David.	K4	CO1
		(OR)		
	11.b.	Distinguish between consignment and joint venture.		

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2	12.a.	On 1.1.2020, Rama 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 the 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 figure of annual output for the four years to 31 st December 2023 were 1,000, 10,000, 18,000 and 20,000 tonnes respectively. Record these transactions in the ledger of the company.	K2	CO2																					
	(OR)																								
12.b.	A fire occurred in the Premises of X Ltd. on 10-10-2018. All stocks were destroyed except to the extent of Rs.6,200. From the following figures, ascertain the loss of stock suffered by the company:																								
	<table><tr><th>Particulars</th><th>Rs.</th></tr><tr><td>Stock on 1-1-2017</td><td>40,000</td></tr><tr><td>Purchases during 2017</td><td>1,45,000</td></tr><tr><td>Sales during 2017</td><td>2,00,000</td></tr><tr><td>Stock on 31-12-2017</td><td>25,000</td></tr><tr><td>Purchases during 2018 upto the date of fire</td><td>1,52,000</td></tr><tr><td>Sales during 2018 upto date of fire</td><td>1,89,000</td></tr></table>		Particulars	Rs.	Stock on 1-1-2017	40,000	Purchases during 2017	1,45,000	Sales during 2017	2,00,000	Stock on 31-12-2017	25,000	Purchases during 2018 upto the date of fire	1,52,000	Sales during 2018 upto date of fire	1,89,000									
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3	13.a.	Abdul gave his acceptance for Amir's four months bill of Rs.2,400 on Jan.1 2022. One month before the due date Abdul paid the amount of the bill at 5% p.a. rebate. Pass the journal entries in the books of both the parties.	K3	CO3																					
	(OR)																								
13.b.	Prepare Total Creditors Account for the year ended on 31.03.2023. from the date given below:																								
	<table><tr><th>Particulars</th><th>Rs.</th></tr><tr><td>Creditors balance on 1.4.2022</td><td>38,000</td></tr><tr><td>Credit purchases during the year</td><td>2,67,000</td></tr><tr><td>Bills payable accepted</td><td>62,000</td></tr><tr><td>Cash paid to creditors</td><td>1,37,000</td></tr><tr><td>B/R endorsed to creditors</td><td>16,000</td></tr><tr><td>Endorsed B/R dishonoured</td><td>3,000</td></tr><tr><td>B/P dishonoured</td><td>2,000</td></tr><tr><td>Purchase returns</td><td>11,000</td></tr><tr><td>Discount received</td><td>6,000</td></tr><tr><td>Transfer from debtors ledger</td><td>7,000</td></tr></table>		Particulars	Rs.	Creditors balance on 1.4.2022	38,000	Credit purchases during the year	2,67,000	Bills payable accepted	62,000	Cash paid to creditors	1,37,000	B/R endorsed to creditors	16,000	Endorsed B/R dishonoured	3,000	B/P dishonoured	2,000	Purchase returns	11,000	Discount received	6,000	Transfer from debtors ledger	7,000	
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4	14.a.	Experiment with the main features of hire purchase system.	K3	CO4																					
	(OR)																								
14.b.	X Purchase 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 four annual installment 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 installment amount.																								
5	15.a.	A Chennai 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 head office books.	K4	CO5																					
		<table><tr><th>Particulars</th><th>Rs.</th></tr><tr><td>Goods sent to branch</td><td>2,11,872</td></tr><tr><td>Total sales</td><td>2,06,400</td></tr><tr><td>Cash sales</td><td>1,10,400</td></tr><tr><td>Cash received from branch from Branch debtors</td><td>88,000</td></tr><tr><td>Branch debtors on 1-1-2022</td><td>24,000</td></tr><tr><td>Branch stock on 1-1-2022</td><td>7,680</td></tr><tr><td>Branch stock on 31-12-2022</td><td>13,440</td></tr></table>			Particulars	Rs.	Goods sent to branch	2,11,872	Total sales	2,06,400	Cash sales	1,10,400	Cash received from branch from Branch debtors	88,000	Branch debtors on 1-1-2022	24,000	Branch stock on 1-1-2022	7,680	Branch stock on 31-12-2022	13,440					
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	<p>Yule, the proprietor of a departmental store, decided to calculate separate profit for his two departments X and Y for the month ending 31st January 2021. Stock on 31st January could not be valued for certain unavoidable reason but his rates of gross profit (calculate without reference to direct expenses) on sales for the two departments are 40 and 30 percent. The following figures are given.</p> <table><tr><th>Particular</th><th>Dept. X (Rs.)</th><th>Dept. Y (Rs.)</th></tr><tr><td>Stock on 1st Jan. 2021</td><td>9,000</td><td>8,400</td></tr><tr><td>Sales</td><td>42,000</td><td>36,000</td></tr><tr><td>Purchase</td><td>27,000</td><td>21,600</td></tr><tr><td>Direct expenses</td><td>5,490</td><td>8,520</td></tr></table> <p>Indirect expenses for the whole business (containing five departments) are Rs.10,800 which is to be charged in proportion to department sales, expect as to one-sixth, which is to be divided equally. Sales for remaining three departments were Rs.1,02,000. Prepare a statement showing profit for the two departments X and Y.</p>	Particular	Dept. X (Rs.)	Dept. Y (Rs.)	Stock on 1 st Jan. 2021	9,000	8,400	Sales	42,000	36,000	Purchase	27,000	21,600	Direct expenses	5,490	8,520		
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Purchase	27,000	21,600																
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15.b.		K4	CO5															

SECTION -C (30 Marks)

Answer ANY THREE questions

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

M. No.	Q. No.	Question	K Level	CO																											
1	16	<p>S and P entered into a joint venture and agreed to divide the profit as to S 60% and P 40%. S and P contributed Rs.1,80,000 and Rs.1,20,000 respectively for carrying on transactions relating to the venture. They opened a joint bank account with the above contributions. They purchased three old state buses for Rs.2,40,000. S and P personally paid Rs.45,000 and Rs.30,000 respectively for repairs and renewals. They purchased a few tyres and tubes costing Rs.54,000. Two buses were sold for Rs.2,70,000 and the third one was taken by P at cost price.</p> <p>Prepare joint venture a/c, Joint bank a/c and close the accounts of the venture</p>	K4	CO1																											
2	17	Examine the different technical terms used in royalty accounts.	K4	CO2																											
3	18	<p>Mr.Mano keeps his books of accounts under single entry system. His financial position on 31.12.2022 and 31.12.2023 was as under:</p> <table><tr><th>Particular</th><th>2022 (Rs.)</th><th>2023 (Rs.)</th></tr><tr><td>Cash</td><td>9,860</td><td>800</td></tr><tr><td>Stock of machinery</td><td>38,520</td><td>57,020</td></tr><tr><td>Plant & Machinery</td><td>54,420</td><td>61,000</td></tr><tr><td>Bills receivable</td><td>--</td><td>16,480</td></tr><tr><td>Sundry debtors</td><td>24,840</td><td>43,940</td></tr><tr><td>Sundry creditors</td><td>72,040</td><td>80,000</td></tr><tr><td>Furniture</td><td>4,960</td><td>5,220</td></tr><tr><td>Drawings</td><td>--</td><td>5,000</td></tr></table> <p>During the year he introduced additional capital of Rs. 20,000.</p> <p>From the above particulars prepare a statement of profit and loss of Mr.Mano for the year ended 31.12.2023.</p>	Particular	2022 (Rs.)	2023 (Rs.)	Cash	9,860	800	Stock of machinery	38,520	57,020	Plant & Machinery	54,420	61,000	Bills receivable	--	16,480	Sundry debtors	24,840	43,940	Sundry creditors	72,040	80,000	Furniture	4,960	5,220	Drawings	--	5,000	K5	CO3
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Drawings	--	5,000																													
4	19	<p>On 1st January 2023, The New Colliery Company bought wagons on Instalments System. The cash price of wagons was Rs.11,175 and payment was to be made as follows:</p> <ol style="list-style-type: none">An amount of Rs.3,000 was to be paid on signing the agreement.The balance to be paid in three instalment of Rs.3,000 each at the end of the year.5% interest is charged by the Wagon Company per annum.The company has decided to write off 10% depreciation annually on diminishing balance method. <p>Pass the necessary journal entries in the books of New Colliery Company and Wagon company.</p>	K4	CO4																											

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5	20	The following information to Madurai branch.			K5	CO5
		Particular	(Rs.)	(Rs.)		
		Stock on 1.1.2023	--	11,200		
		Branch debtors on 1.1.2023	--	6,300		
		Goods sent to Branch	--	51,000		
		Cash sent to Branch for:				
		Rent	1,500			
		Salaries	3,000			
		Petty cash	500	5,000		
		Sales at branch:				
		Cash	25,000			
		Credit	39,000	64,000		
		Cash received from debtors		41,200		
Stock 31.12.2023		13,600				
Prepare Branch account for the year 2023.						

Z-Z-Z END