

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

**BCom DEGREE EXAMINATION DECEMBER 2019**  
(Second Semester)

**Branch - COST AND MANAGEMENT ACCOUNTING**

**FINANCIAL ACCOUNTING / FINANCIAL ACCOUNTING - II**

Time: Three Hours

Maximum: 75 Marks

**SECTION-A HO Marks)**

Answer **ALL** questions

**ALL** questions carry **EQUAL** marks

(10 x 1 = 10)

- 1 Consignment a/c is of the nature of  
(i) Personal A/c (ii) Nominal A/c  
(iii) Real A/c (iv) Personal and Impersonal A/c
- 2 When goods are purchased for the joint venture, the account to be debited is  
(i) Purchase a/c (ii) Joint venture a/c  
(iii) Venurer's capital a/c (iv) Joint bank a/c
- 3 Dead rent is also called  
(i) Outstanding rent (ii) Prepaid rent  
(iii) Minimum rent (iv) None of the above
- 4 Royalties are connected with the following type of business  
(i) Manufacturing industry (ii) Mining industry  
(iii) Construction business (iv) Wholesale business
- 5 The grace days for a bill is  
(i) 3 days (ii) 4 days  
(iii) 5 days (iv) 6days
- 6 If payment is made on the average due date it results in  
(i) Loss of interest to the creditors (ii) Loss of interest to the debtors  
(iii) Loss of interest to the debtors and creditors (iv) No loss of interest to anyone
- 7 The advance amount under hire purchase system is called  
(i) Cash price (ii) Retail price  
(iii) Interest (iv) Down payment
- 8 If the hire vendor may take away all the goods on which there is default of installment it is called  
(i) Repossession (ii) Partial repossession  
(iii) Complete repossession (iv) Purchase
- 9 Under stock and debtors system the head office opens  
(i) Branch adjustment account (ii) Branch debtors account  
(iii) Branch creditors account (iv) Branch cash account
- 10 Depreciation on assets should be divided among the different departments on the basis of  
(i) Floor space (ii) Sales price  
(iii) Purchase ratio (iv) Assets value of each department

**SECTION - B (35 Marks)**

Answer **ALL** Questions

**ALL** Questions Carry **EQUAL** Marks ( 5 x 7 = 35)

11 a Distinguish between consignment and joint venture.

OR

b Describe the different methods of recording transactions relating to joint venture.

- 12 a S.K. Collieries Co.Ltd. took from Punja Bros. A lease of a coal-field for a period of 30 years from 1-1-90 on a royalty of 25 paise per tonne of coal got with a dead rent of Rs. 2,200 a year and power to recoup short working during the first 5 years of the lease.

The annual outputs were as follows:

1990-2,000 tonnes; 1991-3,600 tonnes;

1992-9,000 tonnes; 1993 - 15,000 tonnes; 1994-25,000 tonnes;

Give journal entries for the five years in the books of the Colliery Company.

OR

- b Ramu took a lease of mine for a period of 20 Years. Royalty payable is Re. 1 per tonne subject to a minimum rent of Rs.12,000 per annum. The short working are recoupable during the first three years of the lease. The output was:

1990-Nil 1991 -4,000 tonnes 1992-20,000 tonnes 1993 -40,000 tonnes.

Give journal entries, short working account and land lord's account in the books of Ramu.

- 13 a Anbu owes sudhakar the following sums of money due on the dates stated.

Rs. 400 due on 5<sup>th</sup> January 1990

₹ Rs. 200 due on 20<sup>th</sup> January 1990

Rs. 800 due on 4<sup>th</sup> February 1990

Rs. 100 due on 26<sup>th</sup> February 1990

Rs. 50 due on 10<sup>th</sup> March 1990

Find out the average due date.

OR

- b Raghu had the following transactions with Arun:

01-1-93 Opening balance due to Raghu Rs. 1,500.

10-2-93 Sold goods to Arun Rs. 1,000

15-3-93 Bought goods from Arun Rs.500

20-4-93 Received cash from Arun Rs.600

15-5-93 Sold goods to Arun Rs.700

Prepare an Account current to be rendered by Raghu to Arun on 30-6-93 charging interest at 10% p.a.

- 14 a Distinguish between hire purchase system and installment system.

OR

- b X purchased a typewriter on hire purchase system. As pr terms, he is required to pay Rs. 800 down, Rs. 400 at the end of the first year Rs. 300 at the end of the second year and Rs.700 at the end of the third year. Interest is charged at 5%p.a Calculate the total cash price of the typewrite and the mount of interest payable on each installment.

- 15 a Balan Bros, of Kanpur have a branch at Banglore. Goods are sent to cost plus 50% . From the following particulars, you are required to prepare:  
Branch expenses a/c , Branch Stock a/c and Branch adjustment a/c.

	Rs.
Stock at the beginning at invoice price	30,000
Goods sent to the branch at invoice price	90,000
Branch expenses:	
Salary	1,000
Depreciation	600
Rent	600
Other expenses	2,000
Cash sales	<u>25,000</u>

- b There are five departments in a concern. The total indirect expenses amounted to Rs. 12,000. One-sixth of expense are to be divided equally all the five departments. The remaining expenses are to be shared in the ratio of sales. Sales of various departments were as follows:
- Department A - Rs. 50,000  
 Department B - Rs. 40,000  
 Department C - Rs. 30,000  
 Department D - Rs. 20,000  
 Department E - Rs. 60,000
- Show the allocation of indirect expenses.

**SECTION - C 130 Marks!**

Answer any **THREE** Questions

**ALL Questions Carry EQUAL Marks (3 x 10 = 30)**

- 16 A and B entered into a joint venture for dealing in second hand cars. It was agreed that A should buy cars and B should attend to the reconditioning of them. A commission of 5% should be allowed on sales made by each. Profits should be divided equally. A purchased 7 cars of Rs. 1,85,000 and paid Rs. 2,100 for insurance and Rs. 1,300 for advertising. B contributed Rs. 80,000 for the purchase money and paid the following repair charges:

Repairing of batteries	Rs. 1,800
Repairing of tyres	Rs. 3,300
Other repairs	Rs. 6,300
Garage expenses	Rs. 1,000

A sold 2 cars for Rs. 66,000 and B sold 4 cars for Rs. 1,33,600. B took over the remaining car at Rs. 25,000 and the venture was closed.

Show the ledger accounts in the books of the both the parties.

- 17 A Colliery worked coal under a lease which provided for the payment of royalties at 50 paise per tonne with a minimum rent of Rs. 17,000 per annum. Each year's excess of minimum rent over the actual royalties were recoverable during the subsequent three years.

The lease however stipulated that if in any year the normal rent was not attained due to strike, the minimum rent was to be regarded as having been reduced proportionately having regard to the length of the stoppage.

For the year ended

1988	4,000 tonnes	1991	46,000 tonnes
1989	28,000 tonnes	1992	30,000 tonnes
1990	38,000 tonnes	1993	50,000 tonnes

During the year 1992, there was stoppage due to strike lasting three months. Give the necessary accounts in the books of the colliery for each of the above years.

- 18 A draws bill for Rs. 1,200 and B accepts the same of mutual accommodation in the ratio of 4:2. A discounts the bill for Rs. 1,110 and remits 1/3<sup>rd</sup> of the proceeds to B. Before the due date, B draws another bill for Rs. 1,800 on A in order to provide funds to meet the first bill. The second bill is discounted for Rs. 1,740 by B and a sum of Rs. 360 is remitted to A after meeting the first bill. The second bill is duly met. Show the journal entries in the books of both A and B.

- 19 Cuclcutta Transport Company purchased on 1<sup>st</sup> January 2005 from Mumbai Motors three trucks costing Rs. 40,000 each on the hire purchase system. Payment was to be made Rs. 30,000 down and the remainder in three equal installments together with interest at 5%. Cuclcutta Transport Co. Wrote off depreciation @20% p.a. on diminishing balance method. It paid the installment due at the end of the first year but could not pay the next.

Mumbai motor agreed to leave one truck with purchaser adjusting the value of the other two trucks against the amount due. The trucks were valued on the basis of 30% depreciation annually, give necessary ledger accounts in the books of the Culcutta Transport Company for two years.

- 20 Naga of Trichy has a branch at Madras. Goods are sent by hand office at invoice price which is at the profit of 20% on cost price. All expenses of the branch are paid by head office. From the following particulars, prepare branch account in the H.O. books, showing goods at invoice price.

Opening Balance :	Rs.
Stock at invoice price	11,000
Debtors	1,700
Petty cash	100
Goods sent to branch at invoice price	20,000
Expenses paid by H..0	
Rent	600
Wages	200
Salary	900
Remittance made to H.O	
Cash sales	2,650
Cash collected from debtors	21,000
Goods returned by branch at invoice price	400
Balances at the end	
Stock at invoice price	13,000
Debtors	2,000
Petty cash	25

Z-Z-Z

END