

PSG COLLEGE OF ARTS & SCIENCE
(AUTONOMOUS)
BCom (CS) DEGREE EXAMINATION DECEMBER 2019
(Second Semester)

Branch - **CORPORATE SECRETARYSHIP**

FINANCIAL ACCOUNTING - II

Time: Three Hours

Maximum: 75 Marks

SECTION-A (10 Marks)

Answer **ALL** questions

ALL questions carry **EQUAL** marks

(10 x 1 = 10)

- 1 Statement of assets and liabilities prepared under single entry system is called
(i) Balance sheet (ii) Profit & Loss Statement
(iii) Statement of Affairs (iv) Income Statement
- 2 Credit Purchase is determined by preparing
(i) Purchase account (ii) Debtors account
(iii) Creditors account (iv) Cash account
- 3 Under hire purchase system, the cost of goods sold on hire purchase is transferred to
(i) Purchase account (ii) Sales account
(iii) Hire Purchase Adjustment account (iv) Hire Purchase trading account
- 4 In case of Installment system, total interest receivable by the hire vendor is credited to
(i) Interest account (ii) Interest suspense account
(iii) Sales account (iv) Asset account
- 5 Royalty account is of the nature of
(i) Personal account (ii) Real account
(iii) Cash Account (iv) Nominal Account
- 6 The Lessee's right to recover the short workings is related to
(i) first three years (ii) first five years
(iii) terms of the agreement (iv) subsequent two years
- 7 The method of account current usually employed by the bankers is known as
(i) current account (ii) red-ink interest
(iii) epoque method (iv) daily balance method
- 8 The number of days are calculated from the date of the transaction to the date of settlement incase of
(i) forward method (ii) backward method
(iii) product method (iv) daily balance method
- 9 Tally package is developed by
(i) Peutronics (ii) Tally solution
(iii) Coral Software (iv) Vedika Software
- 10 Which option is used to open company created in Tally?
(i) create company (ii) select company
(iii) alter (iv) shut company

SECTION - B (35 Marks)

Answer **ALL** Questions

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

11a X keeps his records on the single entry system and the following information is available.

| Particulars | 01.01.2004 | 31.12.2004 |
|---------------|------------|------------|
| Furniture | 200 | 200 |
| Stock | 2800 | 3050 |
| Debtors | 2100 | 3400 |
| Cash | 150 | 200 |
| Creditors | 1750 | 1900 |
| Bills Payable | - | 300 |
| Loan | - | - |

11 a Cont...

He has drawn out of the business Rs.500 during the year. Prepare a statement showing his profile for the year ended 31.12.2004 after writing off 10% depreciation on furniture and make a provision for bad debts at 10% on sundry debtors.

OR

b From the following details given by Y who keeps the books on single entry, you are required to calculate total purchases.

| | |
|--|-------|
| Bills received encashed from debtors during the year | 19000 |
| Cash received from Debtors | 15000 |
| Balance of bills received at the beginning | 6000 |
| Balance of bills at the end | 7000 |
| Balance of debtors at beginning | 19500 |
| Bad debts written off | 200 |
| Returns inward | 300 |
| Bills receivable dishonoured | 1000 |
| Balance of Debtors at end | 15000 |

12 a Mr.Prakash purchased 4 machines for Rs. 14000 each on 01.01.2012 under the hire purchase system. The hire purchase for all the 4 machines were Rs.60,000 to be paid as Rs. 15,000 down payment and 3 equal installments of Rs. 15,000 each at the end of each year. Interest is charged @ 5% p.a. Prakash depreciates the machine at 10% on straight line basis. Calculate the interest and prepare the machine ledger and hire vendor in the books of Prakash.

OR

- b On Jan 1 2003, Gopal bought a machine from Ram & Co. on hire purchase system; the cash price the machine being Rs.35,775 under the following terms.
- 10000 payable on signing the agreement on 1.1.2003.
 - Remaining balance to be paid in three equal installments of Rs. 10,000 each at the end of the subsequent years.
 - Interest to be charged at 8%
 - Depreciation to be provided at 10% annually.
 - Show the ledger accounts in the books of Gopal.

13 a Sita Ram tile Industry Ltd obtained a lease of land from land lord for a period of four years from Jan 1 2002 paying a minimum rent of Rs.8000p.a. merging in a royalty of 50 paise per ton of clay raised. The lease contained a clause to the effect that if the minimum rent paid in any year exceeds the royalty for the year, the amount of excess can be recouped by the lessee out of the royalty payable in the following year only. Clay is raised as follows:
2002 - 2000 tons, 2003 - 10000 tons, 2004 - 20000, 2005 - 32000 tons.

Pass journal entries in the books of the lessee.

OR

- b Explain in detail the difference between royalty and rent.

14 a Mr.Raju had accepted the under mentioned bills payable to Mr.Suraj.

| Date of acceptance | Term | Amount |
|--------------------|----------|--------|
| 15.09.2004 | 2 months | 2000 |
| 10.10.2004 | 2 months | 4000 |
| 30.11.2004 | 3 months | 5000 |
| 10.12.2004 | 3 months | 6000 |
| 30.12.2005 | 2 months | 3000 |

Raju desires to pay the aggregate of the amount of all the bills on such a date that would involve no profit or loss in either of them and Suraj agrees. Find out the date of his proposed payment.

OR

- b Mr.Akash had lent Rs.5,000 to Bhama on 1 Jan 2014. Loan is repayable in 5 half yearly installments commencing from 1 Jan 2015. Interest is charged at 10% on the amount due date and the interest.

SECTION - C (30 Marks!)Answer any **THREE** Questions**ALL** Questions Carry **EQUAL** Marks (3 x 10 = 30)

- 16 Mr. Omkar gives the information, prepare final accounts of the company as on the end of the year 2017.

| Assets and Liabilities | 31.12.2016 | 31.12.2017 |
|------------------------|------------|------------|
| Debtors | 9000 | 12500 |
| Stock | 4900 | 6600 |
| Furniture | 50 | 750 |
| Creditors | 3000 | 2250 |

Analysis of other transaction is:

| | | | |
|-----------------------------------|-------|-------------------|------|
| Cash in the beginning of the year | 2500 | Cash Sales | 750 |
| Cash collected from Debtors | 30400 | Cash Purchases | 2500 |
| Cash paid to creditors | 22000 | Discount received | 350 |
| Salaries | 6000 | Discount allowed | 150 |
| Rent | 750 | Returns Inward . | 500 |
| Office expenses | 900 | Returns Outward | 400 |
| Drawings | 1500 | Bad Debts | 100 |
| Fresh Capital introduced | 1000 | | |

- 17 Mr. Shyam opened a current account with Nedupgadi Bank on 1st Jan 2016 and deposited 7000. His deposits during the period were:
Jan 25 - 1500, April 15 - 2500, May 26 - 800, June 20 - 2000.
His withdrawals were:
Jan 20 - 4000, Feb 10 - 3000, Mar 5 - 2000, May 20 - 1800, June 8 - 2750
Calculate interest at 10% p.a. on the customer's debit balances and 6% p.a. on credit balances and close the books of accounts on 30.6.2016.
- 18 X sells a patent product on hire purchase and has the following transactions for the year ending 31.12.2016. The gross profit is 25% on selling price.

| | | |
|------------|--|-------|
| 2016 Jan | Stock out on hire purchase | 40000 |
| Jan 2016 | Stock on hand in the shop | 5000 |
| | Installments due - customers have to still pay | 3000 |
| 31.12.2016 | Stock out on hire at HP price | 46000 |
| | Stock on hand in the shop | 7000 |
| | Installment due | 5000 |
| | Cash received during the year | 80000 |

Prepare the necessary accounts and find out the gross profit of X Ltd for the year ended 31.12.2016.

- 19 Mr. Kalyan wrote a book on "Advanced Corporate Accounting" and published in Paul printers on the term that royalties will be paid at Rs.5 per copy sold, subject to a minimum rent of Rs. 15000 per year, with a right to recoup the short workings over the first three years of the royalty agreement, the details are as follows:

| Year | Number of copies printed | No of copies as Closing Stock |
|------|--------------------------|-------------------------------|
| 2002 | 2000 | 100 |
| 2003 | 3000 | 200 |
| 2004 | 4000 | 400 |
| 2005 | 5000 | 500 |

Prepare minimum rent account, royalties account, Kalyan account in the books of Paul printers.

- 20 Explain the terms used in the tally:
- Tally vault
 - Point of Sale
 - Group and Ledgers