

PSG COLLEGE OF ARTS & SCIENCE
(AUTONOMOUS)

BCom DEGREE EXAMINATION MAY 2017
(Second Semester)

Branch - **COMMERCE (COST & MANAGEMENT ACCOUNTING)**

FINANCIAL ACCOUNTING - II

Time : Three Hours

Maximum : 75 Marks

SECTION-A (20 Marks)

Answer **ALL** questions

ALL questions carry **EQUAL** marks (10x2 = 20)

- 1 What is consignment?
- 2 What is Memorandum Joint Venture account?
- 3 What is sale or return?
- 4 What is royalty?
- 5 Who are all the parties involved in bills of exchange?
- 6 Define account current.
- 7 What is hire purchase price?
- 8 What is Hire purchase Trading account?
- 9 Give two objectives of branch accounts.
- 10 What do you understand by 'Inter departmental transfers'?

SECTION - B (25 Marks)

Answer **ALL** Questions

ALL Questions Carry **EQUAL** Marks (5x5 = 25)

- 11 a Distinguish between consignment and joint venture.

OR

- b Mohan consigned to Nathan 80 cases of goods at a cost of Rs, 250 per case and incurs the following expenses: Cartage and freight Rs. 600 and insurance Rs. 1,400. On arrival of the goods, Nathan spends unloading charges Rs. 100; Cartage Rs. 100; import duties Rs. 100; Octroil Rs. 100. He also spends Rs. 125 godown rent and Rs. 75 godown keeper expenses. 60 cases were sold for Rs. 20,000. He is entitled to a commission of 10%. He sends Mohan an account sales and a bank draft for the balance due. The market price at Nathan's place falls to Rs. 270 per case on the accounting due.
Show the valuation of unsold stock.

- 12 a Amar sells goods to his approved customers on 'Sale or Return' basis at a profit of 20% on sales, treating as actual sales. On 15th December, goods costing Rs. 1,000 were sent to Usha traders. No confirmation has been received from Usha traders until 31st December.

Give the necessary journal entries in the books of Amar.

OR

- b Karan took out a lease under a royalty agreement from Kavitha which provides as follows: The minimum rent is agreed at Rs. 5,000 p.a. The actual royalties for the first four years were Rs. 2,000, Rs. 3,000, Rs. 6,000 and Rs. 10,000. Short workings can be recouped only during the first three years. Prepare the analytical table.

- 13a On 1.4.2010 Balaram drew a bill of exchange for Rs. 1,200 payable after 3 months. Krishna accepted it and sent it to Balaram who discounted the same with the bank at 5% p.a. In the due date the bill is dishonoured. Give journal in the books of Balaram and Krishna.

OR

- 13 b Mani owes to Manickam the following sums and wishes to make one payment without loss or gain. Ascertain the due date under the average due date method.

Due date	Amount (Rs.)
10.1.2009	4,000
10.2.2009	5,000
25.3.2009	6,000
18.4.2009	7,000
20.4.2009	8,000

- 14 a What are the differences between Hire purchase system and instalment system?

OR

- b On 1st January, 2016 Ram Purchased a machine on hire purchase under a hire purchase agreement which provided for an initial payment of Rs. 1,500 and the balance in four equal half yearly instalment of Rs. 2,000 each, the 1st instalment falling due on 30th June 2016. Assuming a rate of interest of 6% p.a. Determine the cash price of the machine.

- 15 a From the following particulars relating to Hyberabad branch for the year ended 31.12.2010. Prepare branch A/c in the head office books.

	Rs.
Stock at the branch on 1.1.2010	15,000
Debtors at the branch on 1.1.2010	30,000
Petty cash at the branch on 1.1.2010	300
Goods sent to branch during 2010	2,52,000
Cash sales 2010	60,000
Received from debtors 2010	2,10,000
Credit sales during 2010	2,28,000
Cheques set to branch during 2010 :	
For Salaries	9,000
For Rent & Rates	1,500
For Petty cash	1,100
	<u>11,600</u>
Stock at the branch on 31.12.2010	25,000
Petty cash 31.12.2010	200
Goods returned by the branch	<u>2,000</u>
Debtors 31.12.2010	<u>48,000</u>

OR

- b GIG Ltd. has three departments A, B and C. From the particulars given below compute the value of stock as on 31.12.2015.

	A	B	C
Stock as on 1.1.2015	24,000	36,000	12,000
Purchases	1,46,000	1,24,000	48,000
Actual sales	1,72,000	1,59,000	74,000
G.P on normal selling price	20%	25%	33 1/3%

SECTION - C (30 Marks)

Answer any THREE Questions

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

- 16 Sathish and Saravanan under took jointly to construct a building for a contract price of Rs. 3,00,000. A joint bank account was opened by them in their joint names in which Sathish paid Rs. 1,00,000 and Saravanan Rs. 50,000. Profit and loss is to be distributed in the ratio of 2 : 1. The details of transactions are given below:

Cont....

16 Cont...

	Rs.
Wages	80,000
Materials purchased	1,60,000
Materials supplied by Sathish	10,000
Architect fees paid by Sathish	4,000
Materials supplied by Saravanan	8,000

After the completion of contract, the price was duly received. There was unused materials valued Rs. 10,000 and this was taken over by Sathish. Prepare Joint venture account, Joint Bank account, Sathish and Saravanan account.

- 17 On 1.1.2002 Raja 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 there after 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 figures of annual output for the four years to 31st December 2005 were 1,000; 10,000; 18,000; and 20,000 tonnes respectively. Record these transactions in the ledger of the company.

- 18 Mr. Babu had the following transactions with Suba during the year 2012.

		Rs.
July 1	Balance due from Suba	600
July 15	Send goods to Suba	1,900
Aug 10	Received cash from Suba	1,100
Aug 19	Purchased goods from Suba	700
Sep 3	Returned goods to Suba	300
Sep 16	Received Cash from Suba	500

Prepare account current to be rendered by Babu to Suba as on 30th Sep 2012 calculating interest at 10% p.a. (Use foreword method).

- 19 Mr Prakash purchased 4 cars for Rs. 14,000 each on 1.1.2014 under the hire system. The hire purchase price for all the 4 cars was Rs. 60,000 to be paid as Rs. 15,000 down payment and 3 equal instalments of Rs. 15,000 each at the end of each year. Interest is charged at 5% p.a. The buyer depreciates the car at 10% p.a. on straight line methods. From the above particulars, give the journal entries in the books of Mr. Prakash.

- 20 Naga of Trichy has a branch at Chennai. Goods are sent by head 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.

	Rs.
Opening balance:	
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.O.	
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