

**Avinashilingam Institute for Home Science and Higher Education for Women  
Coimbatore-641 043  
Bachelors Degree Examination November – 2017  
III Semester**

**Class : II-UG**

**Major : B.Com/B.Com CA**

**Time : 3 Hours**

**Max Marks: 100**

**15BCCC10 - Financial Accounting - III**

**Part-A**

**10x1=10**

**Answer All the Questions**

1. Hire purchase price includes -----.
  - a) Cash price and interest
  - b) Cash price + Down payment
  - c) Down payment + Interest
  - d) Only for cash price
2. Under installment purchase system, the balance in the interest suspense A/c in the books of buyer will be shown on -----.
  - a) The debit side of P & L A/c
  - b) Liabilities side of B/s
  - c) Asset Side of B/s
  - d) The credit side of P & L A/c
3. Under debtors system branch account is a -----.
  - a) Real Account
  - b) Personal Account
  - c) Nominal Account
  - d) Both real and Nominal Account
4. Under stock and debtors system in branch Ac's the credit sales are -----.
  - a) Debited to Branch Account
  - b) Credited to Branch Stock Account
  - c) Debited to Cash Account
  - d) Credited to Cash Stock Account
5. Selling expenses should be divided among the different departments on the basis of -----.
  - a) Sales
  - b) Purchase
  - c) Space occupied
  - d) Payment made on interest
6. While preparing departmental accounts, Rent and Rates paid are apportioned between the departments on the basis of -----.
  - a) Space occupied
  - b) Sales
  - c) Purchase
  - d) Equal
7. The average clause in a loss of profits policy protects the interest of the -----.
  - a) Insured
  - b) Insurer
  - c) Workers
  - d) Owners
8. The average clause in a policy is concerned with -----.
  - a) Over-insurance
  - b) Under-insurance
  - c) Mid-insurance
  - d) Both over and under insurance
9. Royalty account in the nature of -----.
  - a) Real Account
  - b) Nominal Account
  - c) Personal Account
  - d) Nominal and Personal Account
10. Royalty is the agreement between the following persons -----.
  - a) Seller and Buyer
  - b) banker and Customer
  - c) Trustee and Beneficiaries
  - d) landlord and tenant

**Part – B**

**5x6=30**

**Answer All the Questions**

11. a) On 1.1.2016, Mr.P.S.Sashwike Purchased machinery on hire purchase system. The payment is to be made Rs.4,000 down (on signing of the

contract) and rs.4,000 annually for three years. The cash price of the machinery is rs.14,900 and the rate of interest is 5%. Calculate the interest in each year's installment.

(or)

11.b) Calculate interest from the following details:

Cash Price – Rs.20,000

Rate of interest – 10%

Down payment – 20%

Annual Installment:

At the end of the 1<sup>st</sup> year Rs.7,600

At the end of the 2<sup>nd</sup> Year Rs.5,000

At the end of the 3<sup>rd</sup> Year Rs.6,600

12. a) The Mumbai trading Company Ltd., opened a branch at Chennai on 1<sup>st</sup> April 2013. From the following particulars, prepare Chennai Branch Account in H.O. Books.

	Rs.
Goods sent to Chennai Branch	40,000
Cheque sent to Branch for:	
Rent	4,000
Salaries	5,000
Other Expenses	2,000
Cash Received from branch	60,000
Stock on 31 <sup>st</sup> March 2014	8,000
Petty cash on hand, 31 <sup>st</sup> March 2014	150

(or)

12. b) Pass Journal entries for the following transactions in the books of H.O:

i) Stock at Branch (On 1.1.2007) – Rs.750

ii) Goods received by branch sent by HO – Rs.13,000

iii) Cash remitted by Branch to Ho – Rs.18,000

iv) Cheque sent to branch for expenses – Rs.2,000

13. a) Explain the need for departmental accounting.

(or)

13. b) Prasanth departmental stores has Two departments for X and Y. From the following, prepare departmental Trading account.

Purchases:

Dept. X – 1,000 units  
Dept. Y – 2,000 units } at a total cost of Rs.1,10,000

Opening Stock:

Dept. X – 400 units

Dept. Y – 600 units

Sales:

Dept. X – 900 units @ Rs.75 per unit

Dept. Y – 2,100 units @ Rs.45 per unit

Assume that G.P. rate is uniform for both the departments.

: 3 :

14. a) A fire occurred in the premises of a merchant on 15.06.2009 and a considerable part of the stock was destroyed. The value of stock saved was Rs.4,500. The books disclosed that on 1.4.2009 the stock was valued at Rs.36,750. The purchases to the date of the fire amounted to Rs.1,04,940 and the sales Rs.1,56,500. On investigation it was found that during the past five years the average gross profit on sales was 36%. Calculate the claim to be made.

(or)

14. b) Calculate insurance claim from the following facts assuming that the insurers met their liability under the policy on "average basis".  
A trader's stock valued at Rs.40,000 was totally destroyed. The stock in the godown was insured for Rs.30,000 subject to average clause. The balance of stock, left after fire, appeared in the books at Rs.24,000.

15. a) Write a short notes on: a) Shortworking lapsed b) Royalties receivable.

(or)

15. b) A company leased a colliery on 1.1.2012 at a minimum rent of Rs.20,000 merging into a royalty of Rs.1.50 per tonne with power to recoup shortworkings over the first four years of the lease. The output of the colliery for the first four years was 9,000 tonnes, 12,000 tonnes, 16,000 tonnes and 20,000 tonnes respectively. Give ledger accounts for four years in the books of lessee.

**Part – C**

**5x12=60**

**Answer All the Questions**

16. a) Mr. Sanjay purchased 4 TV's for Rs. 14,000 each on 1.1.2002 under the hire purchase system. The hire purchase price for all the 4 TV's was 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 at 5% p.a. The buyer depreciates the TV's at 10% p.a on straight line method.  
From the above particulars give journal entries and relevant A/c's in the books of Mr. Sanjay and in the books of hire-vendor.

(or)

16. b) Mahesh purchased a machine on hire purchase system on 1<sup>st</sup> January 2013. The terms of payment are four annual installments of Rs.12,690 at the end of each year. Interest is charged @ 5% and is included in the annual payment of Rs.12,690. Show Machinery account and hire vendor account in the books of Mahesh who defaulted in the payment of the third yearly payment where upon the vendor repossessed the machinery. Mahesh provides depreciation on the machinery @ 10% p.a., on the reducing balance.

17. a) The Calcutta Commercial Company invoiced goods to its Jamshedpur Branch at cost. The Head office paid all the branch expenses from its bank except petty cash expenses which were paid by the branch. From the following details relating to the Branch, prepare,

- i) Branch Stock A/c
- ii) Branch Debtors A/c
- iii) Branch Expenses A/c
- iv) Branch P & L A/c

: 4 :

Particulars	Rs.	Particulars	Rs.
Stock (Opening)	21,000	Discount to customers	4,200
Debtors (Opening)	37,800	Bad debts	1,800
Petty cash (Opening)	600	Goods returned to customers to branch } }	1,500
Goods sent from H.O	78,000	Salaries and wages	18,600
Goods returned to H.O	3,000	Rent and rates	3,600
Cash Sales	52,500	Debtors (Closing)	29,400
Advertisements	2,400	Petty cash (Closing)	300
Cash received from debtors } }	85,500	Credit sales	85,200
Stock (closing)	19,500		
Allowances to customers	600		

(or)

17. b) The following information relates to Madurai Branch:

	<b>Rs.</b>	
Stock on 1 <sup>st</sup> January 2014	11,200	
Branch debtors on 1 <sup>st</sup> January 2014	6,300	
Goods sent to branch	51,000	
<b>Cash sent to branch for:</b>		
Rent	1,500	
Salaries	3,000	
Petty cash	500	5,000
<b>Sales at Branch:</b>		
Cash	25,000	
Credit	39,000	64,000
Cash received from debtors		41,200
Stock on 31 <sup>st</sup> December 2014		13,600

Prepare Branch account for the year 2014.

18. a) The following purchases were made by a business house having three departments.

Dept. A – 1,000 units	} at a total cost of Rs.1,00,000
Dept. B – 2,000 units	
Dept. C – 2,400 units	

Stocks on 1<sup>st</sup> January were:

Dept. A – 120 units

Dept. B – 80 units

Dept. C 152 units

Sales were:

Dept. A – 1,020 units at Rs.20 each

Dept. B – 1,920 units at Rs.22.50 each

Dept. C – 2,496 units at Rs. 25 each

The rate of gross profit is same in each case. Prepare Departmental trading account.

(or)

18. b) Explain the methods and techniques of departmental accounting.

19. a) Discuss about the IRDA regulations of the fire insurance.

(or)

19. b) A fire broke out in the warehouse of Bad Luck Ltd., on 30<sup>th</sup> September 2014, The company wishes to file a claim with the insurance company for loss of stock and gives you the following information to enable you to prepare a statement of the amount to be claimed.

The last accounts of the company were prepared on 31.12.2013.

	Rs.
Sundry debtors on 31.12.2013	80,000
Sundry debtors on 30.9.2014	60,000
Cash collected from debtors	2,88,000
Stock on 31.12.2013	30,000
Sundry creditors on 31.12.2013	2,00,000
Sundry creditors on 30.9.2014	4,00,000
Cash paid to creditors	40,000
Goods returned to creditors	10,000
Rate of gross profit to sales	20%

Prepare the necessary accounts, showing all your workings to arrive at the amount of claim.

20. a) Chithra took a colliery on lease. The dead rent was Rs.750 a year, merging into a royalty of 35 paise per tonne of coal raised, with the right to recover shortworkings out of royalties of two subsequent years from the period in which the shortworkings arose. The outputs raised were:

I – Year	-1000 tonnes
II – Year	-1,500 tonnes
III – Year	-2,500 tonnes
IV – Year	-10,000 tonnes
V – Year	-1,500 tonnes
I – Year	-1,000 tonnes

Give necessary ledger accounts for each of the five years in the books of Chithra.

(or)

20. b) Mr. Sahwike holds a patent for manufacturing woolen blankets. Subject to the following conditions a lease was given to Everest Company.

Royalty per woolen blanket produced Rs.10

Minimum rent for the First year Rs.10,000

Minimum rent for the second year Rs.12,000

Minimum rent for the third and subsequent year Rs.15,000.

The output of blankets is as under:

I Year	= 300 Blankets
II Year	= 400 Blankets
III Year	= 1,900 Blankets
ivYear	= 2,000 Blankets
V Year	= 2,800 Blankets

Prepare Royalty A/c, Minimum Rent A/c, Shortworkings A/c and Sashwike's A/c in the books of Everest Company.

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