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**Bachelor of Commerce (Semester- VI)****Accounting Major VI - Accounting I****[Time: 2 Hours]****[Max. Marks : 80]****Instructions:** 1. Question No. 1 is compulsory

2. Answer any three questions from Question No 2-Question No. 6

3. Figure to the right indicates marks to the questions/sub-questions

**Q1** ABC Ltd. bought on 1.1.2020 a machine from XYZ Ltd. under a hire purchase system of 20 payment under which three annual instalments of Rs. 24,120 would be paid. There is no down payment and the cash price is Rs. 60,000, The rate of interest would be 10% and depreciation @ 20% p.a. would be charged on straight line basis. Prepare Machinery Account, Depreciation a/c and XYZ Ltd Account in the books of ABC Ltd.

**Q2** X, who has patented a vacuum cleaner, granted PQR Ltd., licence for 10 years to 20 manufacture and sell the cleaner on the following terms:

- PQR Ltd. to pay a royalty of ₹ 1 for every cleaner sold with a minimum payment of ₹ 25,000 p.a. Calculations to be made annually on 31st March and payment to be made on 30th April.
- If, for any year, the royalties calculated on cleaners sold amount to less than ₹ 25,000, PQR Ltd. may set off the deficiency against royalties payable in excess of that sum in the next two years.

As from the commencement of the third year the agreement was revised and a minimum annual payment of ₹ 20,000 was substituted for ₹ 25,000, the other terms of the agreement remaining unchanged. The number of cleaners sold was year ended 31st Mar:

Year	2018	2019	2020	2021
Production (tonnes)	10,000	20,000	30,000	18,000

You are required to prepare the following Ledger Accounts recording the above transactions in respect of royalties in the books of X which are closed annually on 31st March:

- Royalties Receivable Account
- Short workings Allowable Account/Royalty Suspense Account,
- PQR Account

- Q3** Bandekar Departmental Stores has two departments – Department A for sports equipment and Department B for musical instruments. Following information is given regarding the transactions for the year 2022: **20**

Opening Stock:	
Department A	42,000
Department B	34,000
Purchases:	
Department A	2,56,000
Department B	1,94,000
Sales:	
Department A	4,30,000
Department B	3,74,000
Return Inwards:	
Department A	10,000
Department B	14,000
Wages	45,000
Salaries	40,000
Advertisement Expenses	26,000
Insurance Charges	3,800
Rent and Taxes	36,000
Electricity Charges	40,000
Bad Debts	3,900
Carriage Inwards	9,000
Discount Allowed	3,250
Discount Received	2,250
Office and General Expenses	21,000

**Additional Information:**

- Closing stock of Department A was ₹ 54,000 and Department B was ₹ 40,000
- Insurance was taken for stock of goods on the basis of opening stock of each department
- Department A occupies half of the space than Department B whereas the electricity consumption on Department A was 50% more than that of Department B
- Wages are incurred in proportion of purchases of each department whereas, both the departments employ same number of employees in the office.
- Office and general expenses to be apportioned to Department A and Department B in the ratio of 2:1 respectively.
- During the year, the goods costing ₹ 15,000 was transferred to Department A from Department B, not considered above.

Prepare Departmental Trading and Profit and Loss Account for the year ended 31<sup>st</sup> December 2022

- Q4** Hariprasad of Chennai has a branch at New Delhi to which goods are sent @ 20% above cost. The branch makes both cash and credit sales. Branch expenses are met partly from H.O. and partly by the branch. The statement of expenses incurred by the branch every month is sent to head office for recording.

Following further details are given for the year ended 31st December, 2021:

Particulars	₹
Cost of goods sent to Branch at cost	2,00,000
Goods received by Branch till 31-12-2021 at invoice price	2,20,000
Credit Sales for the year @ invoice price	1,65,000
Cash Sales for the year @ invoice price	59,000
Cash Remitted to head office	2,22,500
Expenses paid by H.O.	12,000
Bad Debts written off	750

Balances as on	01-01-2021	31-12-2021
	₹	₹
Stock	25,000 (Cost)	28,000 (invoice price)
Debtors	32,750	26,000
Cash in Hand	5,000	2,500

You are required to prepare i) Branch Stock Account ii) Branch Debtors' Account and iii) Branch Adjustment Account in the books of the head office and determine the Profit and Loss of the Branch for the year ended 31st December, 2021.

- Q5** A. On 1st Jan 2019, Mr Anand purchased five machines from B on instalment system. Payment was to be made 20% down and the balance in four annual instalments of ₹ 2,21,900, ₹ 2,06,050, ₹ 1,90,200 and ₹ 1,74,350 commencing from 31st Dec 2019. The vendor charged interest @ 10% pa. Anand writes off depreciation @ 20% p.a. on the diminishing balance.  
You are required to prepare Interest Suspense Account in the books of Anand
- B. Ashu & Co. of Vagator opens a branch at Bikaner on 1<sup>st</sup> January, 2022. During the year ended 31<sup>st</sup> December 2022 following transactions have taken place:

Goods sent to Bikaner		60,000
Cash sent to Bikaner		5,000
Goods returned by Bikaner		5,000
Cash received from Bikaner		58,000
Rent for Branch paid by Head Office		3,000
Expenses paid by Branch		
Salaries	3,000	
Conveyance	600	
Postage	300	
Carriage	500	4,400



Discount allowed to customers ₹ 800. Sales on credit basis amount to ₹ 60,000 of which goods worth ₹ 1,000 were returned to branch. Cash sales amounted to ₹ 6,000. One customer paid at Ajmer ₹ 1,200.

On 31<sup>st</sup> December 2022, stock worth ₹ 3,000 was at Branch and ₹ 5,000 was due from debtors. Cash on hand was ₹ 600

Prepare Branch Account and Goods sent to Branch Account

**Q6** Answer any FOUR from the following questions:

**20**

- Explain any five advantages of Departmental Accounting
- What is the importance of Minimum Rent in the royalty agreement?
- Explain the term 'Repossession' under Hire Purchase System
- What are the objectives of Branch Accounting?
- What are the differences between Hire Purchase System and Instalment Payment System?
- Explain sub-lease under Royalty Accounts