

CPH302 – FINANCIAL ACCOUNTING III

UNIT - I

PART – A: 5 Marks Questions

A - Theory Questions:

1. What is meant by Average Due Date? Write the practical uses of Average Due Date.
2. What are the different types of problems involving Average Due Date

A: Problem Questions

3. Calculate the average due date for the following bills:
Rs.4000 due on 5.1.98
Rs. 2000 due on 20.2.98
Rs. 8000 due on 15.4.98.
4. The Average Due Date for a series of bills totalling ₹20,000 owed by Ramesh to Suresh was determined to be 15th August 2026. Calculate the interest and net amount payable by Ramesh, when he settles the account late on 15th October 2026 with interest @ 12% p.a.
5. Arunkumar has lent Rs. 60,000 to Raju on 1st January 2021 which is repayable in four equal annual instalments commencing from 1st January 2022, Calculate average due date and interest at 10% per annum.
6. A partner has been withdrawing Rs. 600 at the end of each month from January to December for personal expenses. According to the partnership deed, interest is charged on drawings @ 12% per annum. Calculate the amount of interest to be charged on drawings by the partner during the year.
7. A sum of ₹12,000 is lent in three equal instalments of ₹4,000 each on 1st January, 1st March and 1st May. Find the Average Due Date.

PART – B : 15 Marks Questions

B - Theory Questions:

1. Explain the steps needed to find Average Due Date
 - (1)when amount is lent in different instalments.
 - (2)when amount is lent in a single instalment.
2. Explain the determination of due dates of “Bill Transactions” and the calculation of interest.

B: Problem Questions

3. Mr. A has purchased goods, the due dates of which are as follows:

- i. Rs. 1,000 due on 5th July 2025
- ii. Rs. 1,700 due on 15th August 2025 (Independence Day)
- iii. Rs. 700 due on 25th September 2025
- iv. Rs. 1,300 due on 10th November 2025 (Sunday)

He wants to make the complete payment on 15th October 2025. Calculate interest at 6% p.a. with the help of the Average Due Date Method.

4. Meena drew upon Mohini several bills of exchange due for payment on different dates as under:

Date of the Bill	Amount	Tenure of the Bill
02-10-2025	600	3 months
20-10-2025	800	2 months
10-10-2025	1000	3 months
27-11-2025	750	3 months
08-12-2025	900	1 month
16-12-2025	1200	2 months

Find out Average Due Date.

5. Satyajit and Prosenjit are two partners of a firm. They have drawn the following amounts from the firm in the year ending 31-03-2008:

Satyajit			Prosenjit		
2007	1 st July	Rs. 300	2007	1 st June	Rs. 500
2007	30 th September	Rs. 500	2007	1 st August	Rs. 400
2007	1 st November	Rs. 800	2008	1 st February	Rs. 400
2008	28 th February	Rs. 200	2008	1 st March	Rs. 900

Interest at 6% is charged on all drawings. Calculate interest chargeable under Average Due Date system.

6. Anbu owes Sudhakar the following sums of money due on the dates stated.

5 th Oct- 2009	Rs. 400	5 th Jan - 2010
6 th Nov- 2009	Rs. 400	20 th Jan - 2010
3 rd Jan – 2010	Rs. 400	4 th Feb - 2010
9 th Jan - 2010	Rs. 400	26 th Feb - 2010
8 th Feb - 2010	Rs. 400	10 th Mar - 2010

Anbu pays the whole amount due on 31st March, together with interest at 10% per annum. Calculate the interest by the Average Due Date method.

7. For goods sold, Nagarajan draws the following bills on Raj who accept the same as per terms given under:

Amount of the Bill (Rs.)	Date of drawing	Date of Acceptance	Tenure
16,000	06-01-2015	09-01-2015	3 Months after date
18,000	15-02-2015	18-02-2015	60 days
16,000	21-02-2015	21-02-2015	2 months
30,000	14-03-2015	17-03-2015	30 days after sight

On 18-03-2015, it was agreed that the above bills will be withdrawn and the acceptor would pay the whole amount in one lump sum by a cheque, 15 days ahead of average due date and for this rebate of Rs. 1,000 would be allowed. Calculate the Average Due Date, the amount and the due date of cheque.

UNIT - II

PART – A: 5 Marks Questions

A - Theory Questions

1. Define Single Entry System. State its salient features.
2. What is a Statement of Affairs? Distinguish between a Balance Sheet and a Statement of Affairs.

A: Problem Questions

3. Find out profit from the following data:

Particulars	Rs.
Capital at the beginning of the year	8,00,000
Drawings during the year	1,80,000
Capital at the end of the year	9,00,000
Capital introduced during the year	50,000

4. Mohan, a retail merchant commenced business with a capital of Rs. 12,000 on 1.1.2004. Subsequently on 1.5.2004 he invested further capital of Rs. 5,000. During the year, he has withdrawn Rs. 2,000 for his personal use. On 31.12.2004 his capital was Rs. 20000

	Rs
Cash at Bank	3,000
Debtors	4,000

Stock	16,000
Furniture	2,000
Creditors	5,000

Calculate the profit (or) loss made during the year 2004.

5. From the following information, calculate the opening capital and closing capital:

- Opening assets = ₹1,50,000
- Opening liabilities = ₹40,000
- Closing assets = ₹2,10,000
- Closing liabilities = ₹60,000
- Drawings = ₹20,000
- Additional capital = ₹10,000

6. Mr. Joseph keeps his books by Single Entry System. On April 1, 2007, he started his business with a capital of Rs. 90,000. On March 31st, 2008, the position of his business was as follows:

Sundry Creditors Rs. 40,000, Cash in Hand Rs. 2,500, Cash at Bank Rs. 25,000, Sundry Debtors Rs. 62,000, Stock Rs. 25,000 and Plant Rs. 50,000.

Josh drew Rs. 2,000 every month from the business for his private use.

During the year he introduced additional capital of Rs. 22,000.

You are required to prepare a Statement of Affairs as at March 31st, 2008, and also ascertain profit and loss made by him during the year.

7. Calculate the Opening Capital of Mrs. Sunitha as on 1st April 2024 from the following details:

Capital as on 31st March 2025:	₹2,50,000
Drawings made during 2024–25:	₹45,000
Fresh capital introduced during 2024–25:	₹25,000
Net Profit for the year 2024–25:	₹60,000

PART – B : 15 Marks Questions

B - Theory Questions

1. Write down the differences between single entry and double entry system.
2. Write a note on :
 - (a) How do you ascertain profit or loss under net worth method?

(b) Explain the defects of single entry system of book keeping.

B: Problem Questions

3. David does not keep proper books of accounts. Following details are given from his records.

Particulars	1.4.2025 (₹)	31.3.2026 (₹)
Cash	43,000	29,000
Stock of goods	1,20,000	1,30,000
Sundry debtors	84,000	1,10,000
Sundry creditors	1,05,000	1,02,000
Loan	25,000	20,000
Business premises	2,50,000	2,50,000
Furniture	33,000	45,000

During the year he introduced further capital of ₹45,000 and withdrew ₹2,500 per month from the business for his personal use. Prepare statement of profit or loss with the above information.

4. The position of a businessman who keeps his books on single entry was as under on 31.12.2024 and 31.12.2025

Particulars	2024(Rs.)	2025(Rs.)
Cash in hand	400	400
Cash at bank	6,000	2,500
Stock	6,500	5,000
Debtors	4,000	5,200
Furniture	500	350
Sundry Creditors	4,100	3,100

He withdraws Rs. 7,500 from business on 2.1.25, out of which he spent Rs. 5,200 for the purchase of a motor truck for the business.

Adjustments:

- a) Depreciation on the closing balance of furniture and truck at 10%.
- b) Write off Rs. 220 as bad debts.
- c) A 5% provision for bad and doubtful debts is required.

Find out the profit or loss for the year.

5. Mr. Ramesh keeps his books of accounts under single entry system. His financial position on 31.12.2010 and 31.12.2011 was as follows:

	2010 Rs.	2011 Rs.
Cash	9,860	800
Stock in trade	38,520	57,020
Plant & Machinery	54,420	61,000
Bills Receivable	-	16,480
Sundry Debtors	24,840	43,940
Sundry Creditors	72,040	80,000
Furniture	4,960	5,220
Drawings	-	5,000

During the year he introduced additional capital of Rs. 20,000 on 01.07.2010. Provide depreciation at 10% on furniture and plant and machinery. Create 10% provision for reserve for bad debts. Rs. 600 per month withdrawn for personal use. Interest on capital is to be allowed at 5%. Prepare a statement showing the profit or loss made by him for the year ended 31.12.2011.

6. Rangan has kept his books under single entry system. His position as on 31-3-2020 and 31-3-2021 was as follows:

Particulars	31.12.2020 Rs.	31.12.2021 Rs.
Cash in hand	1,000	1,500
Cash at Bank	15,000	10,000
Stock	1,00,000	70,000
Debtors	42,500	85,000
Furniture	10,000	10,000
Machinery	75,000	75,000
Creditors	1,25,000	1,45,000

Rangan transferred Rs. 700 each month from the business to his private banking account by way of drawings. In addition, he withdrew Rs. 25,000 for his daughter's marriage. In September 2021, he had received a lottery prize of Rs. 10,000 of which he invested into the business Rs. 8,000. He sold his private car for Rs. 7,000 and the proceeds were utilised for business. Prepare a statement of profit or loss for the year ending 31.12.2021

7. Prakash keeps his books by the 'Single Entry Method'. His position on 31.12.2019 and 31.12.2020 was as follows:

Particulars	31.12.2019 Rs.	31.12.2020 Rs.
Cash in hand	200	300
Cash at bank	3,000 (Dr)	2,000 (Cr)
Stock in trade	20,000	19,000
Sundry debtors	8,500	14,000
Furniture	1,800	1,500
Plant	15,000	27,000
Sundry Creditors	22,000	29,000

During the year Prakash introduced Rs.5,000 as further capital and withdrew Rs.750 per month. From the above, prepare a statement showing the Profit or Loss earned by him for the year ended 31.12.2020.

UNIT - III

PART – A: 5 Marks Questions

A - Theory Questions

1. What are the objectives of Branch Account?
2. What is invoice price?

A: Problem Questions

3. From the following particulars, prepare a Branch Account under the Debtors System:

- Goods sent to Branch – ₹40,000
- Cash sales – ₹25,000
- Credit sales – ₹30,000
- Branch expenses paid by Head Office – ₹8,000
- Cash received from debtors – ₹24,000
- Closing debtors – ₹6,000

Find the Branch Profit or Loss.

4. Loyal shoe company opened a branch at Madurai on 01-01-2009. From the following particulars, the Madurai Branch account for the year 2009.

Goods sent to Madurai Branch - Rs. 45,000

Stock on 1st January 2009 - Rs. 2,300

Petty Cash in hand 1st January 2009 - Rs. 40

Cheques sent to branch for

Rent - Rs. 1,800

Salaries - Rs. 5,000

Other Expenses - Rs. 1,600

Cash received from branch – Rs. 60,000

Stock on 31st December 2009 - Rs. 5,800

Petty Cash in hand on 31st December 2009 – Rs. 30.

5. Prepare a Branch Account from the following:

Particulars	₹
Opening debtors	8,000
Credit sales	45,000
Cash received from debtors	38,000
Returns inward	2,000
Discount allowed	1,000
Closing debtors	12,000

6. Goods are invoiced to a branch at 20% above cost. If the invoice price of goods sent to the branch is ₹ 72,000, calculate:

1. Cost price 2. Loading 3. Invoice price and write Journal entry.

7. The Kanpur shoe Company opened a branch at Delhi in 2022, From the following particulars prepare Delhi Branch A/c for the year 2022.

Goods sent to Branch – ₹15,000

Cash sent to Branch for expenses – ₹ 6,000

Cash received from the branch – ₹24,000

Stock on 31-12-2022 – ₹2,300

Petty Cash in Hand – ₹ 40

PART – B : 15 Marks Questions

B - Theory Questions

1. Explain the features of Dependent Branch and Independent Branch.

2. What is Debtor system? Explain its features and method of ascertaining branch profit under this system.

B: Problem Questions

3. From the following particulars relating to Hyderabad Branch for the year ended 31.12.2015, Prepare branch account in the head office books:

Particulars	Rs.
Stock at the Branch on 01.01.2015	15,000
Debtors at the Branch on 01.01.2015	30,000
Petty cash at the Branch on 01.01.2015	300
Goods sent to branch during 2015	2,52,000
Cash Sales 2015	60,000
Received from Debtors 2015	2,10,000
Credit Sales during 2015	2,28,000
Cheques sent to branch during 2015:	
Salaries - 9,000	
Rent & Rates – 1,500	
Petty Cash - 1,100	11,600
Stock at the Branch on 31.12.2015	25,000
Petty cash on 31.12.2015	200
Goods returned by the branch	2,000
Debtors on 31.12.2015	48,000

4. Mumbai Soap Mills Ltd., opened a branch at Chennai on 1st January 2010. From the following particulars, prepare the necessary accounts for 2010 and 2011 in the books of Head Office.

Particulars	2010 (Rs.)	2011 (Rs.)
Goods sent to Chennai Branch	20,000	50,000
Cheques sent to branch for:		
Rent	2,000	2,000
Salaries	2,500	2,550
Other Expenses	1,000	1,250
Cash received from	30,000	67,500
Stock on 31 st December	4,000	12,500
Petty Cash in hand on 31 st Dec.	75	125

5. 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 the head office. From the following particulars prepare branch account in the H.O. books, showing goods at invoice price.

Opening Balances:

Stock at invoice price	Rs. 11,000
Debtors	Rs. 1,700
Petty Cash	Rs. 100
Goods sent to branch at invoice price	Rs. 20,000

Expenses paid by H.O.

Rent	Rs. 600
Wages	Rs. 200
Salary	Rs. 900

Remittance made to H.O.

Cash Sales	Rs. 2,650
Cash collected from debtors	Rs. 21,000
Goods returned by branch at invoice price	Rs. 400

Balance at the end:

Stock at invoice price	Rs. 13,000
Debtors	Rs. 2,000
Petty Cash	Rs. 25

6. Goods are sent to a branch at 25% above cost. From the following particulars, prepare the necessary Branch Accounts and ascertain the profit:

Particulars	₹
Opening stock at invoice price	50,000
Goods sent to branch at invoice price	2,00,000
Cash sales	80,000
Credit sales	1,50,000
Cash received from debtors	1,30,000
Branch expenses	25,000
Closing stock at invoice price	60,000

Prepare the Branch Stock Account, Branch Debtors Account and Branch Adjustment Account.

7. From the following particulars relating to the Trivandrum Branch for the year ending December 31, 2018, show the Branch Account in the Head Office books:

Particulars	₹
Stock January 1, 2018	30,000
Debtors January 1, 2018	12,000
Petty Cash January 1, 2018	200
Goods sent to branch during the year	50,000
Goods returned to Head Office	600
Sales at the Branch:	
Cash Rs. 30,000	
Creditors Rs. 42,000	72,000
Sales return to Branch	250
Bad debts written off	300
Discount allowed to customers	100
Branch expenses paid by H.O.	3,000
Petty cash sent to the branch	500
Petty expenses incurred by the branch	400
Furniture purchased by the branch	1,000
Stock on December 31, 2018	12,500
Cash received from customers	35,000

UNIT - IV

PART – A: 5 Marks Questions

A - Theory Questions

1. What is a Non-Profit Organisation? State its objectives.
2. List out the important terms used in the Accounts of Non-Profit Organisations.

A: Problem Questions

3. From the following information, calculate the amount of subscription to be credited to Income and Expenditure Account:

Subscription received during the year – ₹50,000

Outstanding subscription at the beginning – ₹4,000

Outstanding subscription at the end – ₹6,000

Subscription received in advance at the beginning – ₹2,000

Subscription received in advance at the end – ₹3,000

4. From the following find out the subscriptions to be shown in the Income and Expenditure A/c for the year ending 31-12-2016:

Subscription received for 2015	80
Subscription received for 2016	4,220
Subscription received for 2017	160
Total	4,460

There are 450 members, each paying an annual subscription of Rs. 10. Rs. 90 were in arrears for 2015 at the beginning of 2016.

5. Find out the amount of salaries to be debited to Income and Expenditure account for 2019 from the details give below:

Payment made for Salaries during 2019	Rs. 48,000
Outstanding Salary as on 31-12-2018	Rs. 2,000
Outstanding Salary as on 31-12-2019	Rs. 3,200
Prepaid Salary as on 31-12-2018	Rs. 1,200
Prepaid Salary as on 31-12-2019	Rs. 1,600

6. Prepare Receipts and Payments A/c of a club for the year ended 31st Dec, 2019 from the following particulars:

Particulars	₹	Particulars	₹
Opening balance of Cash	40,000	Paid for Miscellaneous Expenses	200
Receipt of Entrance fees	8,000	Rent paid	1,200
Subscription received for 2019	16,000	Payment for purchase of Cricket balls	500
Previous year's Subscription received	1,600	Payment for purchase of Cricket bats	1,600
Paid Salaries	2,000	Payment for Stationery in cash	100

7. How the following will appear in Income and Expenditure account of sports club for the year 31-12-2020 and in the Balance sheet on that date?

Stock of sports materials on 01-01- 2020	Rs. 800
Stock of sports materials on 31-12- 2020	Rs. 1,200
Purchase of sports materials during the year 2020	Rs. 5,000
Sale of old sports materials during the year 2020	Rs. 300

PART – B : 15 Marks Questions

B - Theory Questions

1. Distinguish between Receipts and Payments Account and Income and Expenditure Account.
2. Explain the steps involved in preparing Income and Expenditure Account and Balance Sheet from Receipts and Payments Account.

B: Problem Questions

3. From the following prepare an Income and Expenditure account for 2017 :

Receipts	Rs.	Payments	Rs.
Opening Balance : Bank	1,800	Salaries	4,800
Subscriptions : 2016 Rs. 500 2017 Rs. 8,300 2018 Rs. 600	9,400	Help to needy students	2,000
		Rent	500
		Stationery and Postage	200
		Bicycle purchased	300
		National Savings certificates	3,000
Sale of Investments	2,000	Balance : Bank	2,700
Sale of Old furniture (Book value Rs. 400)	300		
	13,500		13,500

Subscriptions for 2017 Still receivable were Rs. 700. Interest due on Savings certificates Rs. 100 and rent unpaid but due was Rs. 60.

4. The 'U' club gives you its Receipts and Payments A/c for 2017. Prepare Income & Expenditure A/c :

Receipts	Rs.	Payments	Rs.
To Balance b/d	1,200	By Sports equipment	3,500
To Subscription	15,300	By Rent	1,000
To Sale of newspapers	300	By Cost of entertainment	10,100
To Donations for buildings	10,100	By Miscellaneous expenses	800
To Sale of furniture	600	By Investments	10,000
	27,500	By Balance c/d	2,100
			27,500

Investments consisted of 4% Govt. Loan and were purchased on 1-1-2017.

Subscription included Rs. 700 for 2016 and Rs. 200 for 2018. Subscription for

2017 still receivable were Rs. 1,500 but of these Rs. 200 were considered doubtful.

5. Prepare Income and Expenditure Account and Balance Sheet from the following information:

Subscription received – ₹80,000

Salaries paid – ₹25,000

Rent paid – ₹12,000

Interest received – ₹5,000

Furniture – ₹20,000

Capital Fund – ₹1,00,000

Cash in hand – ₹30,000

Creditors – ₹10,000

Donation for building – ₹25,000

Other Assets – ₹1,13,000

6. From the following details prepare an Income and Expenditure Account for the year ending 31st December 2004

Receipts and Payments Account

Receipts	Rs.	Payments	Rs.
To Balance	250	By Salaries	1,200
To Subscriptions for		By General Expenses	300
2003 - 250		By Electric Charges	200
2004 - 1,000		By Books	100
2005 - 200	1,450	By Newspapers	400
To Sale of Old Furniture	60	By Postage	50
(Costing Rs. 100)		By Furniture	250
To Rent Received	740	By Balance c/d	500
To profit from			
Entertainments	400		
To Sale of Newspapers	100		
	3,000		3,000

Additional Information:

- (a) The club has 50 members each paying an annual subscription of Rs.25. Subscriptions outstanding on 31 December, 2003 were Rs. 300.
- (b) On 31 December, 2004 salaries outstanding amounted to Rs.100. Salaries paid included Rs. 100 for the year 2003.
- (c) On 1-1-2004 the Club owned Land and Building valued at Rs.10,000, Furniture Rs.600 and Books Rs.500.
- (d) Provide depreciation 5% on building and 10% on furniture.

7. From the following Income and Expenditure A/c, Prepare Receipts and Payments A/c for the year ended 31-12-2016.

Income and Expenditure A/c for the year ended 31-12-2016

Expenditure	Rs.	Income	Rs.
To Salaries	2,000	By Donations	4,000
To Expenses	3,000	By Subscription	10,000
To Rates & Taxes	500		
To Depreciation	900		
To Excess of income over Expenditure	7,600		
	14,000		14,000

Additional Information :

	1-1-2016 (Rs.)	31-12-2016 (Rs.)
Fixed assets	9,000	10,000
Subscriptions outstanding	2,000	3,000
Subscriptions received in advance	--	1,500
Outstanding expenses	100	200
Cash on hand	1,000	1,200
Cash at Bank	100	7,100

UNIT – V

PART – A: 5 Marks Questions

A - Theory Questions:

1. Distinguish between Straight line Method and Written down Value Method
2. What are the basic factors affecting the amount of depreciation?

A: Problem Questions

3. A company purchased machinery for Rs. 36000 on 1st Jan. 2012. He immediately spent Rs. 4000 on its installation. Depreciation is written off 10% on reducing balance method. Prepare Machinery Account for three years.
4. A machine was purchased for Rs. 30,000 on 1.1.2016. This is expected to last for 5 years. Estimated scrap at the end of five years is Rs. 5,000. Find out the rate of depreciation under straight line method.
5. A company purchased a second hand plant for Rs. 30,000. It immediately spent on it Rs. 5,000. The plant was put to use on 01-01-2020. After having used it for three years, it was sold for Rs. 15,000. You are required to prepare the plant A/c for three years, providing depreciation at 10% on original cost.
6. A machine was purchased for ₹1,00,000. Depreciation is charged at 10% per annum under the Written Down Value Method. Calculate depreciation and the book value at the end of the first three years.
7. On 01.01.2010 the book value of machinery was Rs. 1,20,000. On 30.06.2010 a machine was sold for Rs. 1,00,000. Depreciation is provided at 10% per annum on written down value method. Prepare machinery account and find profit or loss on sale of machine.

PART – B : 15 Marks Questions

B - Theory Questions:

1. Briefly explain various methods of providing depreciation for fixed assets.
2. What is Depreciation? Explain the causes for depreciation.

B: Problem Questions

3. On 1st January 2020, a company purchased machinery for ₹2,00,000. Installation charges amounted to ₹20,000. The estimated useful life of the machinery is 10 years and its scrap value at the end of its useful life is ₹20,000.

Calculate:

1. Rate of Depreciation
2. Annual depreciation under the Straight Line Method.

3. Book value of the machinery at the end of the third year.
4. A machine purchased on 1st July 2020 at a cost of Rs.14,000 and Rs. 1,000 was spent on its installation. The depreciation is written off at 10% on the original cost every year. The books are closed on 31st December each year. The machine was sold for Rs. 9,500 on 31st March 2023. Show the machinery account for all the years.
5. George Co. Ltd. purchased a machine on 1st January 2015 for Rs. 50,000. On 1st July 2015 further machinery was purchased for Rs. 25,000. On 1st July 2016, the machinery purchased on 1st January 2015 become obsolete, was sold off for Rs. 20,000. Depreciation has to be charged at 20% on the original cost assuming that the accounts are closed every year on 31st December. You are requires to prepare:
- (a) Machinery A/c
- (b) Provision for Depreciation A/c.
6. M/s. Sarojini Balu & Co.,purchased a machine for Rs. 22,000 on January 1.2012. the estimated life of the machinery is 3 years, after which it's break –up value will be Rs. 4,000. Depreciation has to be charged at 30% on diminishing balance. On 31st December 2014, the machine was sold for Rs. 10,000. You are required to prepare machinery account for all the years.
7. A company whose accounting year is the calendar year, purchased on 1.1.2012 a machine for Rs. 40,000. It purchased further machinery on 1st October,2012 for Rs. 20,000 and on 1st July 2013 for Rs. 10,000. On 01.07.2014, the machinery purchased on 1.1.2012having become obsolete and was sold for Rs. 25,000.

Show the machinery account would appear in the books of the company for all the 3 years under Diminshing Balance method. Depreciation is to be provided at 10% p.a.