

Reg. No. :

Code No. : 12083 E Sub. Code : CMCO 21

B.Com. (CBCS) DEGREE EXAMINATION,
NOVEMBER 2023.

Second Semester

Commerce — Core

FINANCIAL ACCOUNTING — II

(For those who joined in July 2021–2022)

Time : Three hours

Maximum : 75 marks

PART A — (10 × 1 = 10 marks)

Answer ALL questions.

Choose the correct answer.

1. Commission provided by the consignor to the consignee to cover bad debt is known as
 - (a) Ordinary commission
 - (b) Del credere Commission
 - (c) Over-riding commission
 - (d) Special commission.

2. Goods costing Rs.2, 00,000 sent out to consignee at cost + 25% Invoice value of the goods will be _____
- (a) Rs.2,50,000 (b) Rs 2,40,000
(c) Rs.3,00,000 (d) None of the above
3. Joint bank account is a _____ account.
- (a) Nominal account
(b) Real account
(c) Personal account
(d) Dummy account
4. _____ account is not opened in a joint venture.
- (a) Stock reserve
(b) Joint bank A/c
(c) Joint venture A / c
(d) Co-venturer's capital A/c
5. Capital fund shown on _____ side of balance sheet.
- (a) Credit side (b) Debit side
(c) Asset side (d) Liability side

6. The Expenditure and income account start with _____ balance.
- (a) Credit balance
(b) No balance
(c) Debit balance
(d) Liability
7. In hire purchase system cash price plus interest is known as
- (a) Book value of assets
(b) Capital value of assets
(c) Hire purchase price of assets
(d) Hire purchase charges
8. In the books of hirer, for interest due at the end of the year hire vendor account will be _____.
- (a) Debited (b) Credited
(c) Rectified (d) Reversed
9. Royalty is a _____ to lessee.
- (a) Income (b) Expenses
(c) Both (a) and (b) (d) None of the above

10. When short workings are to be recovered the account to be debited is _____

- (a) Land lord account
- (b) Short workings account
- (c) Profit and loss account
- (d) Lessee account

PART B — (5 × 5 = 25 marks)

Answer ALL questions choosing either (a) or (b).

Each answer should not exceed 250 words.

11. (a) Briefly explain abnormal loss.

Or

(b) Brief about the types of commission payable to consignee on sale of the goods.

12. (a) Brief about memorandum joint venture account.

Or

(b) Explain the advantages and disadvantages of joint venture.

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13. (a) Kolkata Knight Riders Sport Club has the following items as on March 31, 2019. Match Fund ₹ 1,00,000; Match Expenses ₹ 1,20,000; Sale of Match tickets ₹ 50,000. Show how you will deal with the above items when preparing final accounts of KKR Sport club.

Or

(b) Classify the following into capital or revenue or deferred revenue expenditure :

- (i) Heavy advertising cost of Rs. 10,00,000 spent on the launching of a company's new product.
- (ii) Advertisement expense Rs. 50,000 incurred during peak festive season on regular basis.
- (iii) Rs. 2,000 paid for hiring of computer time for the preparation of the accounts of the business.
- (iv) Interest paid Rs. 40,000 on loan taken for construction of building and purchase of plant a machinery before the asset is ready for intended use.

14. (a) Explain the features of hire purchase agreement.

Or

(b) Give the proforma for the calculation of cash price and interest in hire purchase system.

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15. (a) Explain the Minimum Rent of Royalty.

Or

(b) Explain Deficiency account in Royalty.

PART C — (5 × 8 = 40 marks)

Answer ALL questions choosing either (a) or (b).

Each answer should not exceed 600 words.

16. (a) Distinguish between a consignment and a sale.

Or

(b) Mr. A consigned 200 cycles at Rs. 500 each and paid Rs. 3,000 on freight. During the transit 20 cycles were lost by theft. Mr. B received the remaining stock and paid Rs. 3,600 on its clearing. He sold 150 cycles at Rs. 800 per cycle. He was entitled for 10% commission on sales. He paid Rs. 5,000 as miscellaneous expenses. Prepare Consignment Account in books of Mr. A.

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17. (a) Brief about the different methods of accounts maintained in joint venture.

Or

(b) A and B were partners in a joint venture sharing profits and losses in the proportion of four-fifth and one-fifth respectively. A supplies goods to the value of Rs. 5,000 and incurs expenses amounting to Rs. 400. B supplies goods to the value of Rs. 4,000 and his expenses amounting to Rs. 300. B sells goods on behalf of the joint venture and realizes Rs. 12,000. B is entitled to a commission of 5 percent on sales. B settles his accounts by bank draft.

Give journal entries and necessary ledger accounts in the books of A.

18. (a) Express the features of Income and Expenditure Account.

Or

(b) From the following information of A, prepare Receipts and Payments Account for the year ended Dec. 31, 2019.

Cash in hand on Jan. 1, 2019 Rs.35,000 and Cash at Bank on Jan. 1, 2019, Rs.50,000.

Donation Received during the year Rs.25,000 and Subscription received is Rs.20,000.

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Utilities Charges Paid Rs.5,000; Salary Paid Rs.45,000 and Outstanding Salary is Rs.5,000 Honorarium paid to trainer Rs.15,000 and Rent Paid Rs.7,500.

Life membership Fees received Rs.15,000 and Interest Received on Govt. Bond Rs.1,000 Purchase of computer by check Rs.30,000 and Purchase of Furniture for Cash Rs.4,000 Entrance Fees Received Rs.10,000.

Purchase of Supplies Material for Cash Rs.6,000 and Purchase of Government Bond Rs.20,000. Payment to Petty Cashier Rs.500.

Cash in Hand Dec. 31, 2019 Rs.8,000 and Cash in Bank Dec. 31, 2019 Rs.15,000.

19. (a) X Ltd. purchased 3 milk vans from Super Motors costing Rs. 75,000 each on hire purchase system. Payment was to be made: Rs. 45,000 down and the remainder in 3 equal instalments together with interest @ 9% X Ltd. writes off depreciation @ 20% on the diminishing balance. It paid the instalment at the end of the 1st year but could not pay the next. Super Motor agreed

to leave one milk van with the purchaser, adjusting the value of the other two milk vans against the amount due. The milk vans were valued on the basis of 30% depreciation annually on written down value basis. X Ltd, settled the seller's dues after three months.

You are required to give necessary journal entries in the books of X Ltd.

Or

- (b) Asha purchased a truck on hire purchase system. As per terms he is required to pay Rs. 70,000 down, Rs. 53,000 at the end of first year, Rs. 49,000 at the end of second year and 55,000 at the end of third year. Interest is charged @ 10% p.a.

You are required to calculate the total cash price of the truck and the interest paid with each instalment.

20. (a) Explain the different types of recoupments.

Or

- (b) From the below given information, please open prepare the necessary accounts in the books of M/s Black Diamond Limited.

Company leased a colliery on 01-01-2010 at a minimum rent of Rs. 75,000. Royalty Rate @ Rs. 1/- per ton.

Right of recouping of short workings is restricted to first 3 years:

Output for the first four years of the lease was 40,000, 65,000, 1,05,000, and 90,000 tons respectively.
