

Reg. No. : .....

Code No. : 32083 E Sub. Code : CMCO 21

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

Second Semester

Commerce — Core

FINANCIAL ACCOUNTING-II

(For those who joined in July 2021 onwards)

Time : Three hours

Maximum : 75 marks

PART A — (10 × 1 = 10 marks)

Answer ALL questions.

Choose the correct answer.

1. A proforma invoice is sent by \_\_\_\_\_
- (a) Consignee to consignor
  - (b) Consignor to consignee
  - (c) Debtors to consignee
  - (d) Debtors to consignor

20. (a) Explain the term minimum rent in Royalty accounts.

Or

- (b) A company leased a colliery on 1<sup>st</sup> January, 2007 at a minimum rent of 20,000 merging into a royalty of Rs.1.50 per ton with power to recoup short workings over the first four years was 9,000 tons, 12,000 tons, 16,000 tons, 20,000 tons respectively.

Pass the necessary journal entries for each of the four years in the books of the company.

\_\_\_\_\_

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2. P sends out goods costing Rs.3,00,000 to Y at cost + 25% consignor's expenses Rs.5,000. 1/10<sup>th</sup> of goods was lost in transit. Insurance claim received Rs.3,000. The net loss on account of abnormal loss is \_\_\_\_\_
- (a) Rs.27,500  
(b) Rs.25,500  
(c) Rs.30,500  
(d) Rs.38,000
3. Joint venture is a \_\_\_\_\_ account.
- (a) Personal account  
(b) Nominal account  
(c) Real account  
(d) Memorandum account
4. X maintains all records in his books. X spends Rs.10,000 in Cash on account of joint venture. Which account would be credited in the Books of X.
- (a) Memorandum Venture  
(b) Joint Venture  
(c) Co - Ventures  
(d) Cash

5. Expenditure and income account is equal to \_\_\_\_\_
- (a) Profit and loss account  
(b) Petty cash book  
(c) Balance sheet  
(d) All of the above
6. Capital fund shown on \_\_\_\_\_ side of balance sheet.
- (a) Credit side (b) Debit side  
(c) Asset side (d) Liability side
7. The persons who obtained delivery of possession of goods from the owner under the hire purchase agreement is known as
- (a) Purchaser (b) Hirer  
(c) Vendor (d) None of the above
8. If the hire purchaser fails to make payment of any installment, it is called \_\_\_\_\_
- (a) Default (b) Repossession  
(c) Sale (d) Purchase





9. When royalty is paid, in the books of lessee, it is debited to \_\_\_\_\_ account.

- (a) Royalty account (b) P&L account  
(c) Land lord account (d) Lessee account

10. Royalty is the agreement between \_\_\_\_\_

- (a) Seller and buyer  
(b) Banker and customer  
(c) Trustee and beneficiary  
(d) Landlord and tenant

PART B — ( $5 \times 5 = 25$  marks)

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

Each answer should not exceed 250 words.

11. (a) Explain Recurring and non-recurring expenses.

Or

(b) Briefly explain invoice price method of consignment.

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12. (a) State the features of a joint venture.

Or

(b) Distinguish between Joint Venture and Consignment.

13. (a) Explain the features of Non-profit organisations.

Or

(b) State with reasons whether the following are capital or revenue expenditure:

- (i) Freight and cartage on the new machine Rs.150, and erection charges Rs.500.  
(ii) Fixtures of the book value of Rs.2,500 sold off at rate Rs.1,600 and new fixtures of the value of Rs.4,000 were acquired, cartage on purchase Rs.5.  
(iii) A sum of Rs.400 was spent on 2016 painting the factory.  
(iv) Rs.8,200 spent on repairs before using a second-hand car purchased recently, to put it in usable condition.

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14. (a) What is instalment system? Explain it.

Or

- (b) Enumerate the features of hire purchase agreement.

15. (a) Write short on strike and lock out.

Or

- (b) Brief about short working in Royalty accounts.

PART C — (5 × 8 = 40 marks)

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

Each answer should not exceed 600 words.

16. (a) Discuss how bad debts are treated in consignment.

Or

- (b) A consigned 10,000 kg of oil at Rs.20 per kg and paid Rs.4,000 as forwarding expenses. B received the Consignment and sold 6,000 kg 50 per kg. He paid Rs.10,000 as selling expenses. He was entitled for 5% Commission on Sales. He informed that 1,000 kg of oil was destroyed by fire. There was a normal loss of 2%. Prepare Consignment A/c in the books of A.

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17. (a) Distinguish between joint venture and partnership.

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) Distinguish between Capital and revenue items.

Or

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(b) State with reasons whether the following are capital or revenue receipts:

- (i) Introduction of capital by the owner Rs.10,00,000.
- (ii) Amount realised from sale of old machinery Rs.50,000 (book value Rs.48,000).
- (iii) Sale of goods for cash Rs.10,000.
- (iv) Cash received from debtors Rs.20,000.
- (v) Sale of investments for Rs.40,000 (book value Rs.44,000)
- (vi) Interest received on investment Rs.3,000

19. (a) Om Ltd. purchased a machine on hire purchase basis from Kumar Machinery Co. Ltd. on the following terms:

- (i) Cash price Rs.80,000
- (ii) Down payment at the time of signing the agreement on 1.1.2021 Rs.21,622.

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(iii) 5 annual instalments of Rs.15,400, the first to commence at the end of twelve months from the date of down payment.

(iv) Rate of interest is 10% p.a.

You are required to calculate the total interest and interest included in cash instalment.

Or

(b) A machinery is sold on hire purchase. The term of payment is four annual instalments of Rs.6,000 at the end of each year commencing from the date of agreement. Interest is charged @ 20% and is included in the annual payment of Rs.6,000.

Show Machinery Account and Hire Vendor Account in the books of the purchaser who defaulted in the payment of the third yearly payment where upon the vendor re-possessed the machinery. The purchaser provides depreciation on the machinery @ 10% per annum on WVV basis. All workings should form part of your answers.

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