

Reg. No. : .....

Code No. : 22142 E      Sub. Code : CMCO 21

B.Com. (CBCS) DEGREE EXAMINATION,  
APRIL 2022.

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. Consignment account is of the nature of a :
  - (a) real account
  - (b) nominal account
  - (c) personal account
  - (d) trading account

2. Del Credere commission is allowed to the consignee to bear
  - (a) normal loss
  - (b) abnormal loss
  - (c) loss on account of bad debts
  - (d) profit on account on sender
  
3. Joint venture relationship resembles closely
  - (a) a consignment
  - (b) a partnership
  - (c) the company
  - (d) sole trading concern
  
4. When goods are purchased for the joint venture, the amount is debited to
  - (a) purchases account
  - (b) joint venture account
  - (c) ventures account
  - (d) goods account
  
5. Under which system, ownership is transferred on payment of final installment?
  - (a) Instalment system
  - (b) Credit system
  - (c) Hire purchase system
  - (d) Cash system

- (b) A merchant become insolvent on 1.1.2012. On that date, his total assets were Rs.7,500 and his liabilities Rs.6,500 and the estimated deficiency of Rs.2,000 before taking the following items into consideration:
- (i) Interest on capital of Rs.150 for one year at 5% p.a.
  - (ii) Liability on bills discounted Rs.300 on bills discounted by him Rs.800
  - (iii) Outstanding expenses for wages etc., to be treated as preferential Rs.240
  - (iv) Loan from friend Rs.500 and Loan from his wife Rs.200

Prepare a Statement of Affairs and Deficiency account on the basis of above data.

6. Cash price plus interest is \_\_\_\_\_
- (a) instalment price
  - (b) hire purchase price
  - (c) maximum retail price
  - (d) retail price
7. Income and expenditure account is prepared by \_\_\_\_\_ concerns.
- (a) non-trading                      (b) trading
  - (c) partnership                      (d) sole proprietor
8. Receipts and payment account record receipt and payments of \_\_\_\_\_
- (a) revenue nature only
  - (b) capital nature only
  - (c) both revenue and capital nature
  - (d) capital receipts
9. Royalty account is a
- (a) Nominal account
  - (b) Real account
  - (c) Personal account
  - (d) All the above

10. The excess of minimum rent over actual royalty is
- (a) Rent (b) Fixed rent  
(c) Short workings (d) None of the above

PART B — (5 × 5 = 25 marks)

Answer ALL questions, choosing either (a) or (b).  
Each answer should not exceed 250 words.

11. (a) Prem consigned 200 boxes of Medicines @ Rs. 100 per box to Ram. He incurred the following expenses :

Insurance Rs. 1,000

Loading charges Rs. 1,600

Freight Rs. 1,400

An account sales was received from Ram which showed that 160 boxes were sold @ Rs. 200 per box. Ram incurred the following expenses :

Clearing charges Rs. 1,000

Godown rent Rs. 400

Advertisement Rs. 600

Other selling expenses Rs. 1,000

Ascertain the value of stock on consignment and show also the relevant entry.

Or

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- (b) Knight purchased a truck for Rs.1,60,000 from S. Waugh on 1-1-93 payment to be made Rs.40,000 down and Rs.46,000 at the end of the first year, Rs.44,000 at the end of second year and Rs.42,000 at the end third year. Interest was charged at 5%. Knight depreciates the truck at 10% per annum on written down value method.

Knight after having paid down payment and first instalment. The seller took Possession of the truck, and after spending Rs. 4,000 on repairs of then assets, sold it away for Rs.91,500.

Give journal entries and ledger accounts in the books of both the parties.

20. (a) From the following particulars, prepare the necessary ledger accounts in the books of tenant.

Royalty – 50 paise per tonne of coal

Minimum Rent — Rs.30,000 p.a.

Output: 1<sup>st</sup> year- 10,000 tonnes

2<sup>nd</sup> year - 48,000 tonnes

3<sup>rd</sup> year- 80,000 tonnes

Short workings are recoverable during the first three years of lease.

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Additional Data :

- (i) The club has 50 members, each paying Rs. 500 PA as subscription.
- (ii) Subscription outstanding on 31.03.2012 Rs. 6,000.
- (iii) Salaries outstanding Rs. 2,000. Salaries paid include Rs. 6,000 for 2010-11
- (iv) On 01.04.2011, the clubs properties were: Building Rs. 2,00,000 Furniture and Fittings Rs. 20,000 and Books Rs. 20,000.
- (v) Provide 10% Depreciation on Building and Furniture.

Prepare Income and Expenditure Account for the year ending 31.03.2012 and a Balance Sheet on that date.

- a) X purchased 4 cars from Y costing Rs. 14,000 each on hire purchase system. The hire purchase price for all the 4 cars Rs. 60,000. Payment was to be made Rs. 15,000 down and remainder in 3 equal annual instalments of Rs. 15,000 together with interest at 5% p.a. X provides depreciation at 10% p.a. on straight line method.

Show relevant journal entries and ledgers in the books of both parties.

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- (b) Goods consigned 1,000 kg at Rs. 20 per kg. Freight and carriage paid by the consignor Rs. 8,000. Consignee sold 600 kg. at Rs. 35 per kg and incurred Rs. 2,000 as unloading expenses, Rs. 4,000 as godown rent and Rs. 2,000 as selling expenses. Normal loss due to leakage is 100 kg.

Ascertain the value of unsold stock.

- 12. (a) A and B enters into a joint venture, sharing profits in the ratio of 3 : 2. A supplies goods worth Rs. 10,000 and incurs Rs. 500 as expenses. B supplies goods worth Rs. 8,000 and incurs Rs. 400 as expenses. B is entitled to a commission at 5% on sales. B sells goods for Rs. 25,000. B settles the account by a cheque.

Prepare joint venture a/c and B's account in the books of A.

Or

- (b) Differentiate between consignment and joint venture.

- 13. (a) The Fine Arts Club of Madras had received Rs. 2,000 in 2014 towards subscription. Subscription for 2013 unpaid on 1.1.2014 were Rs. 200 and Rs. 180 of which were received in 2014. Subscription paid in advance on 31.12.2013 were Rs. 50 and the same on

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31.12.2014 was Rs. 40. Subscription for 2014 unpaid on 31.12.94 were Rs. 70.

Show the 'Subscription' item as it will appear in the income and expenditure account for the year ending 31.12.2014 and in the Balance Sheet of the Club on 31.12.2014.

Or

- (b) Calculate what amount will be posted to income and expenditure from the following data :

	Rs.
Stock of stationary on 1.4.2015	300
Advances paid for stationary on 31.03.2015	20
Amount paid for stationary in 2015-16	1,080
Stock of stationary on 31.03.2016	50
Creditors for stationary on 31.03.2016	130
Advance paid for stationary on 31.03.2016	30
Creditors for stationary on 1.4.2015	200

14. (a) Mr. X purchased a cycle on hire purchase for Rs. 1,000 to be paid as follows :

	Rs.
On Signing the agreement	120
At the end of the first year	170
At the end of the second year	160
At the of the last year	550

The vendor charged interest at 10% p.a. on the cash value remaining unpaid each year. Calculate the cash value of the cycle.

Or

The Assets and Liabilities on 1.1.2012 were :  
Utensils Rs. 800, Furniture Rs. 2,500,  
Consumable stores Rs. 350, Creditors  
Rs. 1,200.

On 31.12.2012 value of Consumable Stores was Rs. 700, Creditors amounted to Rs. 550, the subscription outstanding were Rs. 75 and the interest accrued on fixed deposits was Rs. 25.

Or

- (b) The following is the receipts and payments account on Kandan recreation club for the year ended 31<sup>st</sup> March 2012.

Receipts	Rs.	Payments	Rs.
To Balance B/d	7,000	By Salaries	28,000
To Subscriptions :		By General	
2010-2011	5,000	Expenses	6,000
2011-2012	20,000	By Electricity	4,000
2012-2013	4,000	By Books	
	29,000	Purchased	10,000
To Rent for use		By Periodicals	
of Conference		Purchased	8,000
Room	14,000	By Loan Repaid	20,000
To Receipts from		By Balance c/d	4,000
Entertainment			
Facilities	28,000		
To Sales of			
Old magazines	2,000		
	<u>80,000</u>		<u>80,000</u>

(b) S and P entered into a joint venture and agreed to divide the profit as to S 60% and P 40%. S and P contributed Rs. 1,80,000 and Rs. 1,20,000 respectively for carrying transactions relating to the venture. They opened a joint bank account with the above contributions. They purchased three old buses for Rs. 2,40,000. S and P personally paid Rs. 45,000 and Rs. 30,000 respectively for repairs and renewals. They purchased a few tyres and tubes costing Rs. 54,000. Two buses were sold for Rs. 2,70,000 and the third and taken by P at cost price. Pass necessary journal entries and prepare joint venture account, joint bank account.

(a) From the following Receipts and Payments A/c of the Recreation club and the sub joint information prepare the income and expenditure a/c for the year ended 31.12.2012 and the Balance Sheet as on that date.

Receipts	Rs.	Payments	Rs.
Balance b/d	2,350	By Salaries	1,200
Entrance Fees	300	By Electricity	120
Subscriptions		By Newspapers	525
2011	50	By Fixed deposits	2,500
2012	3,500	By Utensils	200
2013	75	By Payment to creditors	1,000
	3,625	By Balance c/d	1,150
Profit from refreshments	100		
Bracket Rent	200		
Sundry Income	120		
	<u>6,695</u>		<u>6,695</u>

(b) Miss. Janaki purchased a machine on hire purchase system. Rs. 4,000 paid on delivery and Rs. 4,000 each payable annually for three years. The cash price of the machine was Rs. 14,900 and the rate of interest is 5%. Calculate the amount of interest for each year.

15. (a) On 1.1.2012, Rama collieries Ltd., leased price of land agreeing to pay minimum rent of Rs. 2,000 in the first year, Rs. 4,000 in the second year and thereafter Rs. 6,000 p.a., merging into a royalty of 40 paise per tonne, with power to recoup short workings over the first three years only.

The figures of annual output for the four years to 31<sup>st</sup> December 2015 were 1000, 10,000, 18,000 and 20,000 tonnes respectively. Prepare the table showing short workings incurred, recovered and transferred to profit and loss account.

Or

(b) What is Deficiency account? How is it prepared?

PART C — (5 × 8 = 40 marks)

Answer ALL questions, choosing either (a) or (b)  
Each answer should not exceed 600 words.

16. (a) Balan of Bangalore consigned 190 bags of rice to Rajesh of Calcutta invoicing goods at Rs. 180 per bag. Balan paid Rs. 1,200 as cartage and other expenses. The consignor drew a bill of exchange for Rs. 12,000 which was later discounted at Rs. 11,800. The consignee rendered an account sales showing the following details :
- 100 bags sold at Rs. 240 each on credit  
90 bags sold at Rs. 230 each for cash  
Freight and carriage Rs. 2,000  
Transits Insurance Rs. 600  
Storage and Insurance Rs. 1,000  
Commission at 5%
- The consignee sent a sight draft for the amount due. You are required to prepare necessary ledger a/c in the books of consignor assuming that the consignee incurred a bad debt of Rs. 400.

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- (b) Rajesh of Madurai sends 150 sewing machines on consignment to Murali of Bangalore. The cost of each machine is Rs. 2,000. But it was invoiced at Rs. 2,500. Rajesh spent Rs. 6,000 towards freight. Murali sold 113 machines at Rs. 3,120 each. His selling expenses amounted to Rs. 3,000. He is entitled to 6% selling commission and 2% delcredere commission.

Prepare necessary ledger accounts in the books of Rajesh.

17. (a) 'D' and 'K' entered into a Joint venture sharing profits and losses as 3 : 2. They opened a Bank A/c by depositing Rs. 40,000 each. 'D' purchased 800 kg of an item @ Rs. 60 per kg and his expenses were Rs. 13,000. 'K' purchased a second item of 10,000 kg @ Rs. 2.10 per kg and his expenses were Rs. 11,000. Expenses were met from private sources and purchases were paid from Bank Accounts.

K sold 600 kg of the first item @ Rs. 100 per kg and his selling expenses were Rs. 5,500. D sold 8000 kg of the second item @ Rs. 5 per kg and his selling expenses were Rs. 6,000. All the sale proceeds were deposited in Bank Account and expenses were met from private sources.

Write up ledger accounts in the books of venture.

Or

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