

Reg. No. : .....

**Code No. : 31003 E Sub. Code : CMCO 21**

**B.Com. (CBCS) DEGREE EXAMINATION,  
NOVEMBER 2025.**

**Second Semester**

**Commerce**

**FINANCIAL ACCOUNTING – II**

**(For those who joined in July 2021 and 2022 onwards)**

**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) Over-riding commission
  - (c) Del credere Commission
  - (d) Special commission

2. In the books of consignor, the profit of consignment will be transferred to \_\_\_\_\_  
(a) General P/L A/c  
(b) General Trading A/c  
(c) Drawings A/c  
(d) None of these

3. When unsold stock is taken away by a co-venturer, then account is debited \_\_\_\_\_  
(a) Joint Stock  
(b) Joint Venture  
(c) Joint Bank Account  
(d) Co — venturers capital account

4. The parties to joint venture are called \_\_\_\_\_  
(a) Principal and agent  
(b) Partners  
(c) Co-venturers  
(d) Friends

5. In the income and expenditure account, all revenue receipts are entered on the \_\_\_\_\_  
(a) Left hand side      (b) Right hand side  
(c) Liability side      (d) Asset side

6. In Receipts and Payments Account, cash in hand or at the bank is shown on the \_\_\_\_\_  
(a) Right-hand side      (b) Credit side  
(c) Both (a) and (b)      (d) Left-hand side

7. The amount paid at the time of hire purchase agreement is known as \_\_\_\_\_  
(a) Installment      (b) Down payment  
(c) Cash price      (d) Hire purchase price

8. Under installment payment system ownership of goods  
(a) Is transfer at the time of agreement  
(b) Is transfer at the time of last installment  
(c) Is not transfer  
(d) None of these

9. Mining of royalty is based on \_\_\_\_\_  
(a) Production      (b) Sales  
(c) Purchases      (d) None of these

10. Statement of affairs is a \_\_\_\_\_  
(a) Statement of income and expenditure  
(b) Statement of assets and liabilities  
(c) Summary of cash transactions  
(d) Summary of credit transactions

**PART B — (5 × 5 = 25 marks)**

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

11. (a) Sekar of Salem sends goods amounting to Rs. 25,000 to Mathu of Madurai on consignment basis. He pays Rs. 1,000 as forwarding expenses. The goods are received by Mathu who spends Rs. 500 for carriage. Mathu sells the goods for Rs. 32,000 for which he incurs selling expenses of Rs. 1,500. He is entitled to a commission of 10% on the gross sale proceeds. Mathu settles the account by a bill. Prepare the account sales.

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.

12. (a) A and B completed a joint venture and earned Rs. 60,000. The profits are to be shared in the ratio of 2:1. Pass necessary journal entries in the books of A and B.

Or

(b) Write a note on joint venture.

13. (a) From the following particulars prepare a receipt and payment account.

Cash in hand Rs. 100

Cash at Bank Rs. 500

Subscriptions received Rs. 3,300

Donation received Rs. 260

Investment purchased Rs. 1000

Rent paid Rs. 400

General expenses Rs. 210

Postage and stationery Rs. 70

Sundry expenses Rs. 30

Cash balance at closing Rs. 20

Or

(b) Write a note on non-trading organization.

14. (a) On 1-1-2006, Y purchased machinery on hire purchase system. The payment is to be made Rs. 4,000 down (on signing of the contract) and Rs. 4,000 annually for three years. The cash price of the machinery is Rs. 14,900 and the rate of interest is 5%. Calculate the interest in each years installment.

Or

(b) Mr. X purchased a machine on hire purchase system Rs. 3,000 being paid on delivery and the balance in five instalments of Rs. 6,000 each, payable annually on 31st December. The cash price of the machine was Rs. 30,000. Calculate the amount of interest for each year.

15. (a) Prepare a deficiency account from the following particulars:

- (i) Excess of assets over liabilities Rs. 4,000
- (ii) Loss in Business Rs. 7,500
- (iii) Profits Rs. 12,000
- (iv) Drawings Rs. 15,000

Or

(b) Compute shortworkings recovered from the following particular assuming shortworkings are recoupable in the following two years: Royalty: Rs. 5 per ton of coal raised, Dead Rent: Rs. 35,000 p.a. Output: 2000: 5,000 tonnes, 2001: 8,000 tonnes, 2002: 10,000 tonnes.

PART C — (5 × 8 = 40 marks)

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

16. (a) 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 at Rs. 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.

Or

(b) Differentiate consignment and sales.

17. (a) B, V and S entered into a joint venture of a contract. Rs. 1,00,000 is the contract price. Rs. 40,000, Rs. 20,000 and Rs. 20,000 were invested by B, V & S respectively and a joint bank account was opened. They purchase materials for Rs. 60,000; architect fees of Rs. 1,000 was paid by B, V paid for sundry expenses Rs. 2,000 and S paid Rs. 4,000 for cement. The contract was duly carried out. All the transactions were done through joint bank account. Give necessary ledger accounts.

Or

(b) X and Y enter into joint venture to underwrite public issue of Reliance Ltd. They agree to guarantee the subscription at par on 1,00,000 shares of Rs. 10 each of Reliance Ltd. and sharing profits and losses in the ratio of 2:3. The terms with the company are 4.5 % commission payable in cash and 6,000 fully paid shares of the company. They agreed to pay expenses in connection with the issue of shares. The expenses incurred are advertisement Rs. 5,000; Printing and stationery Rs. 2,000 and postage Rs. 600. All expenses are paid by X. The public subscribed to 88,000 shares only. The remaining shares under the agreement were duly taken by X and Y who provided the necessary cash equally. The commission is received in cash and is shared by the co-venturers in the ratio of 4:5. The entire

holding of the joint venture is then sold in the market through brokers as follows : 25% at a price of Rs. 9 per share, 50% at a price of Rs. 8.75 per share, 15% at a price of Rs. 8.50 per share and the remaining 10% is taken over by A and B equally at an agreed price of Rs. 8 per share. Prepare the Joint Venture Account, Joint Bank Account, Shares Account and the Accounts of X and Y showing the final statement.

18. (a) The following is the receipts and payments account of Delhi football association for the first year ending 31<sup>st</sup> December 2005

Receipts	Rs.	Payments	Rs.
To Donation	50,000	By Pavilion office (constructed)	40,000
To Reserve fund (life membership fees and entrance fees received)	4,000	By Expenses in connection with matches	900
To Recipes from football matches	8,000	By Furniture	2,100
Revenue Receipts:		By Investments at cost	16,000
To Subscriptions	5,200	Revenue payments:	
To Locker rents	50	By Salaries	1,800

Page 9 Code No. : 31003 E

Page 8 Code No. : 31003 E

Receipts	Rs.	Payments	Rs.
To Interest on securities	240	By Wages	600
To Sundries	350	By Insurance	350
		By Telephone	250
		By Electricity	110
		By Sundry expenses	210
		By Balance on hand	5,520
	<u>67,840</u>		<u>67,840</u>

Additional information:

- (1) Subscriptions outstanding for 2005 are Rs. 250
- (2) Salaries unpaid for 2005 are Rs. 170
- (3) Wages unpaid for 2005 are Rs. 90
- (4) Outstanding bill the sundry expenses is Rs. 40
- (5) Donations received have to be capitalized.

Prepare from the details given above and income and expenditure account for the year ended

31<sup>st</sup> December 2005 and the balance sheet of the association as on the date.

Or

- (b) Distinguish between receipts and payments account and income and expenditure account.

19. (a) On 1.1.2003, a firm purchased a truck on instalment system. The cash price of the truck was Rs. 11,175 and payment was to be made as follows: Rs. 3,000 was to be paid on signing of the agreement and the balance in three instalments of Rs. 3,000 each at the end of each year. Interest at 5% is charged by the vendor.

The firm has decided to write off 10% annually on the diminishing balance of the cash price.

Give journal entries in the books of the purchaser.

Or

- (b) M Ltd., sold a lorry to Arun on hire purchase system. The cash price was Rs. 7,45,000. Rs. 2,00,000 was to be paid on delivery and the balance in three instalments of Rs. 2,00,000 each at the end of each year. M Ltd., charged interest of 5% p.a. Arun depreciates the lorry at 10% p.a. on reducing balance method. Prepare necessary ledger a/c in the books of Arun.

20. (a) A merchant became insolvent on 1.1.2005 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 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 a friend Rs. 500 and a loan from his wife Rs. 200

Prepare a statement of affairs and deficiency a/c on the basis of date given above.

Or

(b) A company leased a colliery on 1-1-2002 at a minimum rent of Rs. 20,000 merging into a royalty of Rs. 1.50 per tonne with power to recoup shortworkings over the first four years of lease. The output of the colliery for the first four years was 9,000 tonnes, 12,000 tonnes, 16,000 tonnes and 20,000 tonnes. Give journal entries and ledger accounts for four years in the books of lessee.

---