



**Credit Based II Semester B.Com. Examination, April/May 2017**  
**(2016-17 Batch Onwards)**  
**COMMERCE**  
**Financial Accounting – II**

Time : 3 Hours

Max. Marks : 120

**Instruction :** Provide working notes *wherever* necessary.

## SECTION – A

Answer **any four** questions :

(4×6=24)

1. Explain the different types of commission paid to consignee in consignment.
2. Give the meaning of instalment purchase system.
3. Vespa Ltd. purchased a machinery on 1-1-2014 by hire purchase system costing ₹ 2,75,000. ₹ 35,000 is to be paid on signing the agreement and the balance in three instalments of ₹ 80,000 each annually together with 10% interest.  
Compute interest in each instalment.
4. Fire occurred in the premises of a trader on 10<sup>th</sup> March, 2016. All stocks were destroyed except to the extent of ₹ 6,200. From the following figures ascertain the loss suffered by him :

	₹
Stock on 1-1-2015	36,000
Purchases during the year 2015	1,40,000
Sales during the year 2015	2,00,000
Stock on 31-12-2015	22,500
Purchases during 2016 till the date of fire	1,46,000
Sales during 2016 till the date of fire	1,60,000



5. On 1-1-2016 Raja drew a 2 months bill on Rani for ₹ 50,000 and the latter accepted the same. On the due date, the bill was dishonoured and noting charges of ₹ 500 were paid.

Pass journal entries in the books of both the parties.

6. From the following details, ascertain the credit sales :

	₹
Opening debtors	40,000
Cash received from debtors	3,60,000
Cheques received from debtors	50,000
B/R received during the year	10,000
Cheques from debtors dishonoured	1,000
Bad Debts written off	5,000
Sales Returns	4,000
B/R dishonoured	1,000
Closing debtors	48,000

#### SECTION – B

Answer any four questions :

(4×12=48)

7. Explain features of hire purchase system and state the difference between sales and hire purchase system.
8. Rakesh and Co. consigned to Ramesh, 20,000 tons of coal costing ₹ 20 per ton and incurred ₹ 62,000 expenses. Rakesh and Co. reported the sales of 15,000 tons at ₹ 30 per ton. The expenses incurred by Ramesh were : Sales Expenses ₹ 2,000 and Insurance ₹ 1,000. He is entitled to a commission of 5% of sales. The consignee enclosed a bill for the amount due and reported a shortage of weight of 200 tons on the whole consignment.
- Prepare consignment A/c and Ramesh's A/c in the books of Rakesh and Co.



9. Prabhu purchased a motor car from Abharan Motors on 1-4-2013 on instalment purchase system. The payment is to be made as follows :

	₹
On 1-4-2013	80,000
On 31-3-2014	1,52,000
On 31-3-2015	1,20,000
On 31-3-2016	1,10,000

Interest at 10% p.a. is included in these instalments. Prabhu charged depreciation on the motor car at 20% p.a. on the diminishing balance.

Prepare in the books of Prabhu :

- 1) Motor Car A/c.
- 2) Abharan Motors A/c.
- 3) Interest Suspense A/c.

10. A fire occurred in the premises of Anish Traders on 1-10-2016. From the following information, calculate the claim :

	₹
Stock on 1-4-2015	63,000
Purchases for the year ending 31-3-2016	4,00,000
Sales for the year ending 31-3-2016	5,00,000
Wages for the year ending 31-3-2016	18,000
Manufacturing Expenses for the year ending 31-3-2016	2,000
Salary for the year ending 31-3-2016	10,000
Stock on 31-3-2016	81,000
Purchases from 1-4-2016 to the date of fire	2,00,000
Sales from 1-4-2016 to the date of fire	3,00,000
Stock salvaged	10,000
Value of Policy	30,000

There is an average clause in the policy. It is the practice of the company to value the stock at 10% less than cost.



11. From the following, prepare Total Debtors A/c and Total Creditors A/c to find out credit sales and credit purchases :

	₹
Debtors on 1-4-2015	50,000
Creditors on 1-4-2015	40,000
Debtors on 31-3-2016	40,000
Creditors on 31-3-2016	60,000
Bills payable issued during the year	80,000
Cash received from customers	30,000
Cash paid to suppliers	2,07,000
Cash returned to customers	2,700
Discount allowed to customers	1,500
Bad debts written off	12,000
Bills receivable endorsed to creditors	40,000
Bills receivable dishonoured by customers	10,000
Endorsed bill receivable dishonoured	5,000
Discounted bill receivable dishonoured	7,000
Sales Returns	6,000
Purchases Returns	2,000

12. Amar draws a bill for ₹ 1,00,000 on Kumar. Kumar accepts it and returns it to Amar. Amar endorses it to Michael and Michael endorses it to Milan. Milan discounts the bill for ₹ 98,000. On the due date, the bill is dishonoured and the noting charges incurred by the bankers amount to ₹ 500.

Pass the necessary journal entries in the books of all the parties assuming that the bill is taken up by Amar on dishonour.



## SECTION – C

Answer any two questions :

(2×24=48)

13. You are given the following :

- Balance Sheet of Mr. Arul as on 1-4-2015.
- The cash transactions for the year ending 31-3-2016.
- Summary of the remaining transactions.

Balance Sheet as at 1-4-2015.

Liabilities	₹	Assets	₹
Bank Overdraft	1,000	Cash in hand	200
Creditors	7,200	Bills Receivable	5,000
Bills payable	3,200	Debtors	7,800
Capital	40,000	Stock	15,000
		Plant and Machinery	9,400
		Land and Buildings	14,000
	<b>51,400</b>		<b>51,400</b>

Cash A/c for the year ending 31-3-2016 :

	₹		₹
To Balance B/F	200	By Balance overdraft	1,000
To Receipts from Debtors	58,000	By Salaries	9,800
To Bills Receivable	20,000	By Wages	3,160
To Cash sales	7,400	By Bills Payable	28,600
		By Payment to creditors	29,400
		By Office Expenses	1,600
		By Drawings	9,000
		By Investments (6% Govt. Bonds)	2,000
		By Balance C/F	1,040
	<b>85,600</b>		<b>85,600</b>

**Other transactions :**

	₹
Credit Sales	81,400
Discount to customers	400
Credit Purchases	60,000
Discount received	200
Bills Receivable received	21,800
Bills payable issued	30,000
Stock on 31-3-2016	10,600

Provide for doubtful debts at 10% on debtors. Provide depreciation on Plant and Machinery and on Land and Buildings at 5%.

Prepare Trading and Profit and Loss A/c for the year ending 31-3-2016 and the Balance Sheet as on that date of Arul.

14. Nandini Ltd. Bengaluru consigned 10,000 Kgs of ghee costing ₹ 100 per Kg to Navmi Ltd. of Mangaluru at an invoice price of ₹ 120 per Kg. Nandini Ltd. spent ₹ 7,000 on freight and ₹ 3,000 on insurance. Five containers containing 250 kgs of ghee were destroyed in transit. The insurers settled the claim by paying ₹ 25,000 to Nandini Ltd. Navmi Ltd. accepted a bill for ₹ 7,00,000 as advance payment.

Navmi Ltd. spent ₹ 2,000 as rent and ₹ 1,000 as selling expenses and their commission is 5% on sale proceeds. They reported that 5000 kgs of ghee sold at ₹ 120 per kg and 3000 kgs sold at ₹ 118 per Kg. The agents remitted a draft for the balance.

Prepare in the Books of Nandini Ltd.

- 1) Consignment A/c
- 2) Navmi Ltd. A/c
- 3) Goods sent on consignment A/c
- 4) Abnormal Loss A/c.



15. Tata Ltd. purchased from Nissan Ltd. three machinery costing ₹ 1,00,000 each on hire purchase system on 1-4-2013. Payment was to be made ₹ 60,000 down and the balance in three equal instalments together with interest at 12% p.a. Tata Ltd. writes off depreciation at 20% p.a. on diminishing balance.

Tata Ltd. paid the first instalment due on 31-3-2014, but could not pay the instalment due on 31-3-2015. Nissan Ltd. agreed to leave one machinery with the Tata Ltd. adjusting the value of the other two against the amount due. These machineries were valued on the basis of 30% p.a. depreciation annually on the diminishing balance method. Nissan Ltd. spent ₹ 10,000 for repairs and sold both the machinery for ₹ 1,40,000.

Prepare :

- 1) Machinery A/c, Nissan Ltd's A/c, Interest A/c and Depreciation A/c in the Books of Tata Ltd.
  - 2) Tata Ltd's A/c, Interest A/c and Repossessed machinery A/c in the books of Nissan Ltd.
16. On 1-4-2015 Anil accepted a three months bill drawn by his creditor Ashok for ₹ 10,000. On the same date Ashok discounts the same at 5% p.a. Anil being unable to meet the bill at maturity, request Ashok to accept ₹ 4,000 in cash and to draw another bill for 3 months for the Balance amount plus interest at 7% p.a. Ashok agrees. Before the second bill matures, Anil becomes insolvent and is unable to pay any amount what so ever. Pass journal entries in the books of both the parties.
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