



Jamballa

Avinashilingam Institute for Home Science and Higher Education for Women

Deemed to be University Estd. u/s 3 of UGC Act 1956, Category A by MHRD (now MoE)

Re-accredited with A++ Grade by NAAC. CGPA 3.65/4, Category I by UGC

Coimbatore - 641 043, Tamil Nadu, India

Continuous Internal Assessment Test I – February 2026
IV Semester

Class : II UG

Major : B.Com/B.Com PA/B.Com CA

Time: 2 hours

Maximum Marks: 60

23BCODE2H /23BCPDE2B/23BCCDE2H - ADVANCED FINANCIAL ACCOUNTING

Course Outcomes:

At the end of the course, students will:

1. Able to understand the accounting for Hire purchase system and Installment system.
2. Ability to compute Royalty accounts and prepare Consignment accounts.
3. Capable of accounting for Partnership Firms and Limited Liability Partnership.
4. Familiarize with the accounting treatment for Insurance Claims and Departmental accounts.
5. Gain knowledge on principles to Government Accounting.

Part - A

6 x 1 = 6

Choose the Correct Answer

1. Hire purchase Act enacted in the year
a. 1971 b. 1972 c. 1973 d. 1974 CO1 K1
2. The initial amount paid when signing an installment agreement is
a. Final Payment b. Commission c. Down Payment d. Rent CO1 K1
3. Royalty Account is
a. Nominal A/c b. Real A/c c. Personal A/c d. Asset A/c CO2 K1
4. Del credere commission is payable on
a. Total Sales b. Net Profit c. Credit Sales d. Cash Sales CO2 K1
5. Joint venture Account is a
a. Nominal A/c b. Real A/c c. Artificial Personal A/c d. Representative Personal A/c CO3 K1
6. The maximum number of partners in a non-banking partnership firm can be
a. Ten b. Twenty c. Fifty d. Seven CO3 K1

Part - B

3 x 6 = 18

Answer ALL Questions

Each answer should not exceed 400 words or two pages

7. a. What is Hire Purchase System and explain its features? CO1 K2
(or)
7. b. P Purchased a T.V. on hire purchase system. The cash price of the T.V. was ₹.7, 200. He agrees to pay four quarterly instalments of ₹.2, 000 each. Calculate interest for each quarter. CO1 K2
8. a. Differentiate between Consignment and Sale on any six bases. CO2 K2
(or)
8. b. Mohan took a mine on lease for 20 years. Rate of royalty is ₹ 1 per ton. Minimum rent is ₹ 8,000 per year. Next year short- workings of that year will not be recouped in which yield will be less than 4,000 tons and the year in which royalty will be more than minimum rent, only 50% of excess will be used for recoument of short- workings.
Prepare Analytical Table when the yield for first four years respectively is 3,500 tons, 7,000 tons, 7,500 tons and 9,000 tons. CO2 K3
9. a. Define Partnership deed. CO3 K2
(or)
9. b. On 1st January, 2021 Rohit sends 150 sewing machines costing ₹ 30,000 to Anurag to be sold on behalf of the former at 5% commission on sales, Rohit paid ₹ 1,500 as freight and carriage for sending the machines. Anurag sent the account sales on 31st March 2021 stating that:
i) 120 sewing machines were sold for ₹ 27,000.
ii) Expenses incurred on inward consignment were: Octroi ₹ 250; Carriage ₹ 50; Godown Rent ₹ 2,100 and Advertisement and other selling Expenses ₹ 1,500.
Find the value of Consignment Stock. CO3 K3

Part - C

3 x 12 = 36

Answer ALL questions

Each answer should not exceed 800 words or four pages

- 10.a. The Chennai Company purchased a machine from the Mumbai Machine Company on Hire Purchase agreement on 1st January, 2023 paying cash ₹ 10,000 and agreeing to pay three further instalments of ₹10,000 each on 31st December of every year. The cash price of the machine is ₹37,250 and the Chennai Company charges interest at 5% per annum. The Chennai Company writes off ten

percent every year of cash value of the machine on the reducing instalment system. Give necessary journal entries in the books of both the companies. CO1 K3

(or)

10. b. P Purchased a machine on Hire Purchase System for ₹56,000 payment to be made, ₹15,000 down and 3 instalments of ₹15,000 each at the end of every year. Rate of interest is charged at 5% per annum. Buyer is depreciating the asset at 10% p.a. on written down value method. Because of financial difficulties, P after having paid down payment and first instalment at the end of the 1st year, could not pay second instalment and seller took possession of the machine. Seller after expenditure ₹357 on repairs of the asset sold it away for ₹30,110. Open Ledger account in the book of both the parties to record the transaction. CO1 K4

11. a. Bengal Coal Limited leased a colliery on 1st January, 2017 at a minimum rent of ₹ 15,000 merging into a royalty of ₹ 1 per ton with a stipulation to recoup shortworkings over the first three years of the lease. The output for the first four years of the lease was 8,000; 13,000; 21,000 and 18,000 tons respectively. Draft the necessary journal entries in the books of the company giving effect to the above. CO2 K3

(or)

11. b. Maniram Singh, who had patented a circular TV antenna, granted Sky Enterprise a license for ten years to manufacture and sell the product on the following terms: CO2 K4

- Sky Enterprise was to pay Maniram a royalty of ₹ 10 for each antenna sold.
- The minimum royalty for each of the first three years covered by the license was to be ₹50,000. After these years royalties were to be payable on the actual numbers of antennas sold.
- If royalties on antennas sold amounted to less than ₹50,000. Sky Enterprises was entitled to deduct the deficiencies from royalties in excess of the sum payable in respect of each of the first three years of the agreement.

The numbers of antennas sold in the first four years ending 31st March were as follows:

2018	2019	2020	2021
4,300	4,900	5,450	5,250

You are required to present the following Ledger Accounts recording the above transactions in respect of royalties in the books of Sky Enterprises:

- a) Royalties Account; b) Short-workings Account; c) The Account of Maniram Singh. CO2 K3

12. a. M/s Jaipuria & Co. of Delhi consigned on 15th March, 2021, 45 cases of glassware (cost price ₹ 41, 235 and market value ₹ 48,000; GST rate is 12%) to Singh & Co. of Amritsar for sale on commission @ 5% on gross sale proceeds. The consignor paid freight and carriage amounting to ₹ 539. Rate of GST on commission is 18%.

The goods arrived at Amritsar on 20th March 2021 and Singh & Co. paid clearing Charges ₹ 235; Sundry Charges ₹ 59, Carriage ₹ 102 and Godown Charges ₹ 90.

The goods were sold by Singh & Co. as under:

15 cases @ ₹ 1,003 per cases, 22 cases @ 1,050 per cases and the reminder for ₹ 10,000.

On June 21, 2021 Singh Co. sent a draft for ₹ 10,000 to M/s Jaipuria & Co. on account. On 1st July 2021 Singh & Co. forwarded an Account Sales together with a Bill of Exchange for the balance.

Give Journal Entries and prepare Necessary Accounts to record the above transactions in the books of Consignor. Calculations are to be made to the nearest rupee. No GST is charged on expenses CO3 K4

(or)

12. b. Following were the Balance Sheets as at 31st March 2021 of two firms M/s A & B and M/s C & D.

	A&B ₹	C&D ₹		A&B ₹	C&D ₹
Creditors	3,000	25,000	Stock	50,000	75,000
Bills Payable	6,000	Nil	Debtors	30,000	45,000
Bank Overdraft	Nil	10,300	Premises	20,000	Nil
Capitals:			Plant & Machinery	5,000	20,000
A	50,000		Bank	1,500	Nil
B	50,000		Furniture	500	300
C		52,500	Defence Bonds	2,000	
D		52,500			
	1,09,000	1,40,300		1,09,000	1,40,300

The two firms decided to amalgamate their businesses as from 1st April 2021. For this purpose it was agreed that the premises and Plant and Machinery belonging to A and B should be taken over by the new firm M/s ABC&D at ₹ 25,000 and ₹ 10,000 respectively. C & D were to be credited with ₹ 5,000 for the value of certain patent rights they possessed, which become the property of the partnership and which were not included in their Balance Sheet. All the other assets taken over at the values stated in the respective Balance Sheets, except the defence Bonds belonging to A & B, which were not taken over. Both firms undertook to discharge their own liabilities, and it was agreed that A & B should introduce cash to make their capitals equal to that of C & D.

Pass the necessary journal entries in the books of the old firms only. CO3 K3