



# Avinashilingam Institute for Home Science and Higher Education for Women

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

Re-accredited with A++ Grade by NAAC. Recognised by UGC under Section 12B

Coimbatore - 641 043, Tamil Nadu, India

Continuous Internal Assessment – I February, 2025

IV Semester

Class : II UG

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

Time: 2 Hours

Maximum Marks: 60

23BCPDE2B/23BCCDE2H/23BCODE2H 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 Governmental accounting.

### Part - A

Choose the correct answer

6 x 1 = 6

1. The amount paid at the time of hire purchase agreement is known as  
a) Cash Price b) Down Payment c) First Instalment d) Hire Purchase CO1K1
2. The taking of goods away from customers who fail to keep up with hire purchase payments is known as.  
a) Readmission b) Reapportionment c) Repossession d) Reallocation CO1K1
3. Royalty account is  
a) Nominal A/c b) Personal A/c c) Real A/c d) Asset A/c CO2K1
4. In case of right to recoupe shortworkings has expired, the balance of shortworkings is transferred to  
a) Landlord A/c b) Profit & Loss A/c c) Royalty A/c d) Sub-lease A/c CO2K1
5. In the books of consignee, the expenses incurred by him on consignment are debited to  
a) Consignment A/c b) Cash A/c c) Consignee's A/c d) Expense A/c CO2K1
6. Combining two or more partnership firms combined to form a new firm is called  
a) Amalgamation b) Absorption c) Merger d) Acquisition CO3K1

### Part - B

Answer all the questions

3 x 6 = 18

Answer should not exceed 400 words or two pages

7. a. State the difference between hire purchase and installment system. CO1 K2  
(or)
7. b. Cholan firm purchased a machinery costing Rs 60,000 from Pandiyan firm on hire-purchase system. It was agreed to pay the amount of Rs 20,000 per year in three annual instalments with interest at 5%. Calculate the interest chargeable for three years and cash price. CO1 K3

8.a. Bengal Coal Limited leased a colliery on 1<sup>st</sup> January, 2017 at a minimum rent of Rs 15,000 merging into a royalty of Rs 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 Analytical table to show the shortworkings, recoupment and Royalty payable. CO2 K4

(or)

8.b. Mineral Ltd. Leased a property from Sarkar at a royalty of Rs 1.50 per ton with a minimum rent of Rs 10,000 per annum. Each year's excess of minimum rent over royalties is recoverable out of royalties of next five years. In the event of a strike and the minimum rental not being reached, the lease provided that the actual royalties earned for the year discharged all rental obligation for the year.

The results of working of the property are given below :

Year	2004	2005	2006	2007	2008	2009	2010 (Strike Year)	2011
Actual Royalty Rs	Nil	3,300	9,000	11,100	14,000	15,000	8,000	15,200

Draft the analytical table to show the shortworkings, Recoupment and amount payable to Sarkar.

CO2 K3

9.a. On 1st January, 2021 Rohit sends 150 sewing machines costing Rs 30,000 to Anurag to be sold on behalf of the former at 5% commission on sales, Rohit paid Rs 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 Rs 27,000.
- (ii) Expenses incurred on inward consignment were: Octroi Rs 250; Carriage Rs 50; Goodown Rent Rs 2,100 and Advertisement and other Selling Expenses Rs 1,500.

Calculate the Value of Stock.

CO2 K3

(or)

9.b. Explain the benefits of amalgamation of Firms

CO3 K2

**Part - C**

**Answer all the questions**

**3 x 12 = 36**

**Answer should not exceed 400 words or two pages**

10.a) Delhi Co. purchased from Mumbai Co. three machines costing Rs.40,000 each on the Hire-Purchase System. Payment was to be made Rs.30,000 down and the remainder in three equal instalments together with interest at 5%. Delhi Ltd writes off depreciation @20 % on the diminishing balance. It paid the instalment due at the end of the first year but could not pay the next. Give the necessary ledger accounts in the books of both parties for two years if the hire vendor took possession of all the three machines. The hire vendor sent Rs 5,800 on getting the machines thoroughly overhauled and sold them for Rs.70,000. CO1 K3

(or)

10.b) ABC Ltd. Which sells a patent product on hire-purchase terms, has the following transactions for the year to 31<sup>st</sup> March 2021. Prepare all accounts under stock and debtors system. Calculate the profit earned.

1-4-2020	Stock with hire purchase customers at selling price	Rs.12,000
	Stock at the shop at cost	Rs.5,000
	Instalments Overdue	Rs.8,000
31-3-2021	Total instalments that fell due during the year	Rs.1,89,440
	Cash received from customers (including down payment of Rs.15,440)	Rs.1,75,440
	Goods repossessed (Instalment due Rs.500)	Rs.400
	Stock at shop at cost (including goods repossessed Rs.400)	Rs.2,000
	Purchases	Rs.1,20,000
	Hire Expenses	Rs.3,400

Also prepare H.P Trading A/C.

CO1 K3

11.a) M owned certain patent rights. He granted a licence to N to use such rights on royalty basis. Following are the relevant particulars:

CO2 K3

Year	1 <sup>st</sup>	2 <sup>nd</sup>	3 <sup>rd</sup>	4 <sup>th</sup> (Strike)	5 <sup>th</sup>
Actual Royalties (Rs)	5,000	10,000	8,000	8,000	14,000
Minimum Rent (Rs)	8,000	9,000	10,000	12,000	13,000

The deficiency of any year is to be set off against royalty payable in excess of the minimum rent in two following years. In the event of strike and the minimum royalty not being realized, it was provided that the actual royalties earned for the year would be the full royalty obligation for the year. You are required to show the Royalties Account, M's Account and Shortworkings Account in the books of N.

(or)

11.b) On January 1, 2018, a Brick Co. acquired a lease of 15 years from Mr. X on lease for getting earth. Terms of lease are:

CO2 K3

- Annual royalty rate is Rs.1 per 100 cubic feet of earth taken out.
- Minimum rent is Rs 12,000 per annum.
- On 1<sup>st</sup> January, 2018, Company gave Rs 1,50,000 to X for nazrana.
- Shortworkings can be recouped during first four years only.
- Annual royalty is paid on 31<sup>st</sup> December, each year.

Brick making company extracted earth in the following manner:

Years	2018	2019	2020	2021
Earth in cubic feet	10,00,000	15,00,000	9,00,000	14,00,000

Open Nazrana Account, Royalty Account and Shortworkings Account in the books of Brick Co.

12.a) Discuss the accounting treatment in the books of amalgamating firms.

CO3 K3

(or)

12.b) Ghosh of Bombay sent on consignment to Alok of Calcutta 300 cases @ 125 on 1<sup>st</sup> July, 2020 to be sold on his account and at his risk for 10% commission. Ghosh incurred Rs.3,000 expenses on despatching the goods to Alok. On July 10, 2020 Ghosh received a bill for Rs.20,000 at 2 months from Alok. On September 30, 2020 Alok sent an account sales disclosing that 200 cases have been sold for Rs 160 each and the remaining cases @ Rs 150 each. The account sales also discloses that Alok has incurred unloading expenses Rs.600 and selling expenses Rs. 900. He sends a draft for the net amount due. You are required to a) prepare the Account sales and b) pass journal entries and prepare necessary accounts ignoring GST in the books of both the parties.

CO3 K3

No. of Copies : 175 + 195

Staff in-charge: Dr.P.Sasirekha, Dr.A.R.Rihana Banu & Dr., Nandhini