

SHRIMATHI DEVKUNVAR NANALAL BHATT VAISHNAV COLLEGE FOR WOMEN  
(AUTONOMOUS)

(Affiliated to the University of Madras and Re-accredited with 'A+' Grade by NAAC)  
Chromepet, Chennai — 600 044.

B.Com.(CA) END SEMESTER EXAMINATIONS NOVEMBER -2023

SEMESTER - I

**21UCCCT1001 - Financial Accounting**

Total Duration : 2 Hrs 30 Mins.

Total Marks : 60

**Section B**

Answer any **SIX** questions ( $6 \times 5 = 30$  Marks)

- Describe the Advantages and Limitations of Accounting.
- Pass necessary adjusting entries:
  - Depreciate Furniture by Rs.1,500
  - Insurance prepaid Rs.500
  - Closing stock Rs.1,200
  - Rent received in advance Rs.7,000
- From the following receipts and payments, prepare an income and expenditure account for the year ended 2008.

Receipts	Rs.	Payments	Rs.
To Balance b/d	12,000	By Sports equipment	35,000
To Subscription	1,53,000	By Rent	10,000
To Sale of newspapers	3,000	By Cost of entertainment	1,01,000
To Donations for buildings	1,01,000	By Miscellaneous expenses	8,000
To Sale of furniture	6,000	By Investment	1,00,000
		By Balance c/d	21,000
	<b>2,75,000</b>		<b>2,75,000</b>

Investment consisted of 14% Government loan and were purchased on 1.1.2008. Subscription included Rs.7,000 for 2007 and Rs.2,000 for 2009. Subscription for 2008 still receivable were Rs.15,000.

- "X" keeps his books under the single entry system. His assets and liabilities were as under:

Particulars	2001 (Rs.)	2002 (Rs.)
Cash	100	90
Sundry debtors	3,900	4,500
Stock	3,400	3,200
Machinery	6,000	8,000
Sundry creditors	1,500	1,490
Bills payable	—	500

During 2002 he introduced Rs.1,000 as new Capital. He withdrew Rs.300 every month for his household expenses. Find out his profit.

- On 1.1.86, X 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 year's instalment.
- Distinguish between Hire purchase and Instalment purchase systems.

**Contd...**

7. Balaji brothers purchased a machinery on January, 2011 for Rs.50,000. The scrap value in 10 years is expected to be Rs.10,000. If depreciation is calculated by Straight line method on every 31<sup>st</sup> December, prepare the machinery account for the first 3 years. Calculate the rate of depreciation also.
8. On 31<sup>st</sup> August, 2000 a fire occurred in the premises of a firm which carried on the business of general merchandise. From the various books which were saved from fire, it was ascertained that:
- Sales from 1.1.2000 to 31.8.2000                      Rs.12,80,000  
Purchases from 1.1.2000 to 31.8.2000                Rs.8,40,000  
Stock in hand 1.1.2000                                      Rs.2,36,000
- Gross profit for the past five years had averaged at 35% on sales. Stock of salvaged from fire Rs.30,000. Find out the claim amount.

### Section C

Answer any **THREE** questions ( $3 \times 10 = 30$  Marks)

9. Define IND AS? Explain the benefits of Accounting Standard.
10. Prepare final accounts with the help of following Trial Balance.

Particulars	Debit (Rs.)	Credit (Rs.)
Capital		8,500
Drawings	1,420	
Machinery	1,900	
Opening stock	2,920	
Purchases and Sales	20,724	23,812
Purchase returns and Sales returns	420	582
General expenses	880	
Rent	240	
Rates	400	
Premium		160
Bank overdraft		480
Bad debts	344	
Debtors and Creditors	8,400	4,000
Cash in hand	96	
Bad debts provision		210
	<b>37,744</b>	<b>37,744</b>

Adjustments:

- Write off depreciation @20% on machinery.
  - Closing stock was Rs.3,400
  - Rates prepaid Rs.160
  - Create a provision for bad and doubtful debts on debtor 10%
  - Outstanding rent Rs.80
  - Premium received in advance was Rs.40.
11. On 1<sup>st</sup> January, 2001 a second hand machine was purchased for Rs.58,000 and spent Rs.2,000 on its erection. On 1<sup>st</sup> July, 2003, this machine was sold for Rs.28,600. Prepare the depreciation and machinery account for the first 3 years according to the written down value taking the rate of depreciation at 10% p.a.

12. From the following information, you are required to calculate total sales:

	<b>Rs.</b>		<b>Rs.</b>
Bills Receivable in the beginning	7,800	Bad debts written off	2,800
Debtors in the beginning	30,800	Returns inwards	8,700
Bills Receivable enhanced during the year	20,900	Bills Receivable at the end	6,000
Cash received from debtors	70,000	Debtors at the end	25,500
Bills Receivable dishonoured	1,800	Cash Sales (as per cash book)	40,900

13. Mr.P purchased 4 cars for Rs.14,000 each on 1.1.92 under the hire purchase system. The hire purchase price for all the 4 cars was Rs.60,000 to be paid as Rs.15,000 down payment and 3 equal instalments of Rs.15,000 each at the end of each year. Interest is charged at 5% p.a. The buyer depreciates the car at 10% p.a. on Straight line method. From the above particulars give journal entries in the books of Mr.P.

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