

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. Honours - END SEMESTER EXAMINATIONS - Nov'2024

SEMESTER - I

20UBHCT1001 - Financial Accounting - I

Total Duration : 2 Hrs. 30 Mins.

Total Marks : 60

Section B

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

1. You are tasked with preparing a cash book for a small business for the month of January 2024. You have been provided with the following transactions:

- January 1: The business started with cash on hand of Rs.5,000.
- January 5: Received Rs.2,000 in cash from sales.
- January 10: Paid Rs.800 in rent expense.
- January 15: Purchased office supplies for Rs.300 in cash.
- January 20: Received Rs.1,500 from a customer as an accounts receivable payment.
- January 25: Paid Rs.700 in wages to employees.
- January 30: Withdrew Rs.1,000 from the business for personal use.

Prepare a cash book showing the opening balance, receipts, payments, and closing balance for the month of January 2024.

2. A small retail business, "ABC Mart," maintains subsidiary books to record its day-to-day transactions. Below are the transactions for the month of February 2024. Solve the necessary subsidiary books to record these transactions:

- February 1: Purchased merchandise for Rs.1,500 on credit from Supplier X.
- February 5: Sold merchandise for Rs.2,000 in cash to Customer A.
- February 8: Purchased office supplies for Rs.300 in cash.
- February 10: Sold merchandise for Rs.1,800 on credit to Customer B.
- February 15: Paid Rs.1,200 to Supplier X for the merchandise purchased on credit.
- February 20: Received Rs.1,500 from Customer B as a payment for the credit sale made on February 10.
- February 25: Sold merchandise for Rs.2,500 on credit to Customer C.
- February 28: Paid Rs.100 for miscellaneous expenses.

3. Prepare a Trading Account for XYZ Company for the year ended December 31, 2023, based on the following information:

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|--|---------------|
| (a) Opening inventory on January 1, 2023 | : Rs.20,000 |
| (b) Purchases during the year | : Rs.1,00,000 |
| (c) Sales during the year | : Rs.1,50,000 |
| (d) Closing inventory on December 31, 2023 | : Rs.30,000 |
| (e) Sales returns during the year | : Rs.5,000 |
| (f) Purchase returns during the year | : Rs.3,000 |
| (h) Carriage inwards (freight charges) | : Rs.2,000 |
| (i) Carriage outwards (delivery charges) | : Rs.1,500 |
| (j) Discounts received | : Rs.1,200 |

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4. Compute a Receipt and Payment Account for XYZ Club for the year ended December 31, 2023, based on the following information:
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|--|-------------|
| (a) Cash in hand on January 1, 2023 | : Rs.5,000 |
| (b) Subscriptions received during the year | : Rs.15,000 |
| (c) Entrance fees received during the year | : Rs.3,000 |
| (d) Donations received during the year | : Rs.2,500 |
| (e) Rent received during the year | : Rs.1,200 |
| (f) Sale of old furniture | : Rs.800 |
| (g) Payments for salaries | : Rs.6,000 |
| (h) Payments for rent | : Rs.1,500 |
| (i) Payments for stationery | : Rs.700 |
| (j) Payments for repairs | : Rs.1,000 |
| (k) Cash in hand on December 31, 2023 | : Rs.8,500 |
5. ABC Company sells goods to its customers on credit terms. It has the following credit sales and their corresponding due dates:
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| (a) January 5: Sold goods worth Rs.2,000 with a due date of February 15. |
| (b) January 10: Sold goods worth Rs.3,500 with a due date of March 5. |
| (c) January 20: Sold goods worth Rs.1,800 with a due date of February 10. |
| (d) January 25: Sold goods worth Rs.2,500 with a due date of March 15. |
| (e) January 30: Sold goods worth Rs.1,200 with a due date of February 28. |
- Calculate the average due date for the credit sales made by ABC Company in January.
6. Enlist the reasons for preparing bank reconciliation statement.
7. ABC Shipping Company insures its cargo vessel for Rs.8,00,000, although its total value is Rs.12,00,000. Unfortunately, the vessel encounters a storm, resulting in damages worth Rs.3,00,000. Calculate the settlement amount for the insurance claim, considering the average clause and also mention the amount which should be borne by the insured.
8. Examine the different reasons for charging depreciation for (i) Machinery (ii) Mining (iii) Patent (iv) Petroleum Plant (v) 5G Mobile Phone.

Section C

I - Answer any **TWO** questions ($2 \times 10 = 20$ Marks)

9. ABC Enterprises, a small business, maintains its accounting records manually. However, due to human errors and oversight, several mistakes have been made in the books of accounts for the fiscal year 2023. Identify and rectify the errors:
- On January 5, 2023, a payment of Rs.500 to Supplier A for office supplies was recorded as Rs.50 in the Cash Payment Journal.
 - On February 10, 2023, a credit sale of Rs.1,200 to Customer B was recorded twice in the Sales Day Book.
 - On March 15, 2023, the purchase of a new computer for Rs.2,000 was debited to Repairs and Maintenance Expense.
 - On April 20, 2023, a cheque received from Customer C for Rs.800 was recorded as Rs.80 in the Cash Receipts Journal.
 - On May 25, 2023, a cash payment of Rs.300 for utility bills was completely omitted from the Cash Payment Journal.
 - On June 30, 2023, the year-end inventory count revealed that inventory was overstated by Rs.500 due to a clerical error.

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- On July 10, 2023, a credit purchase of Rs.600 from Supplier D was recorded as a debit purchase in the Purchases Day Book.
- On August 15, 2023, a payment of Rs.700 for insurance premiums was recorded correctly in the Cash Payment Journal, but it was posted as Rs.70 to the Insurance Expense Account.
- On September 20, 2023, a cheque received from Customer E for Rs.1,000 was recorded as Rs.10 in the Cash Receipts Journal.
- On October 25, 2023, a discount received of Rs.200 from Supplier B was recorded in the Cash Receipts Journal but was omitted from posting to the Discount Received Account.

Rectify the errors and ensure that the books of accounts are accurately reflected.

10. Pass journal entries, post them to ledger accounts, and prepare a trial balance for ABC Enterprises for the month of January 2024. Use the following transactions:

- January 1: Started business with cash Rs.10,000 and furniture Rs.5,000.
- January 3: Purchased merchandise on credit from Supplier A for Rs.2,000.
- January 5: Sold merchandise for cash Rs.3,500.
- January 8: Paid rent expense Rs.1,200.
- January 10: Received payment from Customer B for credit sale made on January 5, Rs.3,500.
- January 15: Purchased office supplies for cash Rs.500.
- January 20: Paid wages to employees Rs.800.
- January 25: Sold merchandise on credit to Customer C for Rs.2,000.
- January 28: Paid insurance premium Rs.300.

11. Ascertain an Income and Expenditure Account and Balance Sheet for XYZ Charity Organization for the year ended December 31, 2023, based on the following information:

- Donations received during the year: Rs.25,000
- Grants received from the government: Rs.15,000
- Membership fees received: Rs.5,000
- Interest received on investments: Rs.1,200
- Salaries paid to staff: Rs.10,000
- Rent paid for office space: Rs.3,000
- Utility bills paid: Rs.1,500
- Stationery and office supplies purchased: Rs.800
- Repairs and maintenance expenses: Rs.1,200
- Cash in hand on January 1, 2023: Rs.2,200
- Cash at bank on January 1, 2023: Rs.10,000
- Investments in government bonds: Rs.20,000 (current market value)
- Furniture and equipment: Rs.8,000
- Liabilities (outstanding bills): Rs.2,500

12. ABC Company purchased a piece of machinery for Rs.50,000 on January 1, 2020, with an estimated useful life of 5 years and a residual value of Rs.5,000. The company uses the written-down value method for depreciation. Assess the depreciation account and machinery account for the years 2020, 2021, 2022, and 2023.

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II - Compulsory question ($1 \times 10 = 10$ Marks)

13. You are the accountant for XYZ Company, and it's the end of the fiscal year on December 31, 2023. The company's financial records need to be adjusted to reflect the following transactions and events:

- i. Provision for Discount on Debtors: The company provides a discount of 2% on accounts receivable (Rs.40,000) that were not collected within the discount period.
- ii. Interest on Capital: The partners invested Rs.100,000 at the beginning of the year, and it was agreed that they would receive 10% interest on their capital investment for the year.
- iii. Drawings: One of the partners withdrew Rs.5,000 from the business for personal use during the year.
- iv. Sale or Return: Goods worth Rs.3,000 were sold on December 30, 2023, on a sale or return basis. The goods have not yet been returned by the customer.
- v. Loss of Stock: A physical inventory count reveals that Rs.2,500 worth of stock has been damaged and is unsaleable.

Pass the necessary adjusting entries to reflect these transactions and events in the company's financial records.
