

Course Code <b>DIA - 02</b>
--------------------------------

**Term End Examination - December, 2019**

FINANCIAL STATEMENT

Diploma in Accounting (DIA)

*Time* : 3 hours

*Full Marks* : 100

*The figures in the right-hand margin indicate marks*

Answer **all** Groups as directed

Group—A

1. Answer *all* the questions, each within *1* word or *1* sentence : 1×10=10
  - (a) Promissory note.
  - (b) Allonge.
  - (c) Accommodation bill.
  - (d) Salvage value.
  - (e) Holder in due course.
  - (f) Acceptance of a Bill of Exchange.
  - (g) Days of Grace.

( 2 )

- (h) Bad debt.
- (i) Depreciation.
- (j) Reserve.

Group—B

2. Answer any *four* questions each within  
100 words : 5×4=20

- (a) What is a Bill of Exchange? What are its features?
- (b) Which types of errors can not be disclosed by trial balance?
- (c) Write a short note on valuation of closing stock.
- (d) Distinguish between Trading Account and Profit and Loss Account.
- (e) Distinguish between Time and Demand Bills.
- (f) What is Secret Reserve? What are the methods adopted to create this reserve?

( 5 )

- (c) Give journal entries to rectify following errors:
  - (i) Purchase of machinery of ₹ 5,000 wrongly passed through the purchase book.
  - (ii) Repairs to machinery wrongly debited to machinery amount ₹ 700.
  - (iii) Rent of ₹ 1,000 paid to landlord debited to landlord account.
  - (iv) Cheque of ₹ 3,500 received from S.K. Nayak credited to the account of S.K. Das.
  - (v) Sale of goods to Hari on credit amounting to ₹ 450 wrongly recorded in the Sales Day Book as ₹ 540.
  - (vi) Sales of old furniture for ₹ 500 wrongly passed through Sales Day Book.

★ ★ ★

( 4 )

X drew a fresh bill for the balance amount plus interest at 10% p.a. Pass journal entries in the books of X and Y assuming that the new bill was honored on the due date.

Group—D

4. Answer any *two* questions each within 300 words :  $15 \times 2 = 30$

- (a) What is understood by 'Accounting Error'? Explain the various types of errors and also explain which types of errors make the trial balance disagree.
- (b) A for mutual accommodation of himself and B draws a bill for ₹ 5,000 at three months upon B. The bill was discounted at 12% p.a. and A remitted half of the proceeds to B as per agreement. B at the same time draws a bill upon A for ₹ 3,600 at three months and discounted the same at 10% p.a. Out the proceeds B remitted 50% of the amount to A. On the date of maturity B became insolvent and 30 paise in a rupee is received as final dividend by A. Journalize in the books of A and B.

( 3 )

Group—C

3. Answer any *four* questions each within 200 words :  $10 \times 4 = 40$

- (a) What is depreciation? Explain two methods which are generally adopted to find out depreciation with suitable examples.
- (b) Differentiate between Reserve and Provision.
- (c) Explain the distinction between capital expenditure and revenue expenditure.
- (d) Explain the accounting treatment of prepaid expenses and outstanding expenses at the time of preparing final accounts of a business.
- (e) How is a trial balance prepared? Explain its significance.
- (f) Y accepted a bill for ₹ 15,000 at three months. On the date of maturity Y was not in a position to meet the bill and requested X to renew the bill for next two months. Y offered to make payment of ₹ 6,000 to X. Then

