

Term End Examination- December, 2017
DIPLOMA IN ACCOUNTING
Course Title: Financial Statement
Course Code: DIA-02

TIME: 3 Hours

Full marks: 100

GROUP - A

[5x4=20]

Q N. 1 Answer any four questions each within 100 words

- a. What do you mean by accommodation bill? State the use of it
- b. Define suspense account. State the use of it.
- c. What are the causes of depreciation on assets?
- d. Why and how provision is created?
- e. Write the different features of negotiable instrument.
- f. What is rectification of errors give example?
- g. Define assets classify it according to nature.

GROUP- B

[10x2 =20]

Q.N. 2 Answer any two questions each within 250 words

- a. Distinguish between commercial bill and accommodation bill
- b. Differentiate reserve from provision in accounting.
- c. State the merits of charging depreciation on assets
- d. A receives three promissory notes from B, dated 1st January, 2016 for 3 months. One bill is for Rs 3,000, the second is for Rs 4,000 and the third is for Rs 5,000. The second bill is immediately endorsed in favor of C and on 4th January, 2016 the third bill is discounted with the bank for Rs 4,700. Pass the entries in A's journal assuming
 - (i) the bills are met on maturity and
 - (ii) they are dishonored.

GROUP – C

[20x3=60]

Answer three questions each within 500 words

Q.N. 3 A Trial Balance is not a conclusive proof of the accuracy of the books of accounts since certain types of errors remain even when the Trial Balance tallies-Discuss.

Q.N. 4 What is depreciation what are the different types of it distinguish between straightline and diminishing balance method of depreciation.

Q.N. 5 Rectify the following errors:

1. A cheque issued of Rs. 50,000 to Mr. A(Creditor), but the credit was given to cash account.
2. Purchase of goods from Mr. B worth of Rs. 5,500 was recorded at Rs. 4,500.
3. Cash sale to Mr. C worth of Rs. 10,000 was debited to sale account and credited to Cash account.
4. Repair of vehicle worth of Rs. 5,000 was charged to asset account.
5. A cheque of Rs. 15,000 received and deposited in bank from Mr. D, but no entry was passed.

Q.N 6. Prepare a trial balance as on 31st Dec 2013 by filling in the debit and credit columns accordingly for each ledger balance mentioned below.

Account	Balance	Account	Balance
Capital	70,000	Carriage Inwards	1500
Opening Stock	20,000	Carriage Outwards	2000
Salaries	10,000	Plant & Machinery	17,000
Returns Inward	500	Investments	7000
Returns Outward	6000	Sales	70,000
Purchases	80,000	Patents	10,000
Sales Ledger Control	7000	Furniture	8000
Purchase Ledger Control	40,000	Discount Allowed	1000
Cash in Hand	15,000	Misc. Receipts	4000
Cash at Bank	11,000	Closing Stock	9000

Q.N 7. From the following Trial Balance of Radhe Shyam Trading and Profit and Loss A/c for the year ending 31st December, 2016 and Balance Sheet as on that date. The Closing Stock on 31st December, 2016 was valued at Rs. 2, 50,000.

Debit Balances	Amount (Rs.)	Credit Balance	Amount (Rs.)
Stock (1-1-2016)	2,00,000	Sundry Creditors	1,50,000
Purchases	7,50,000	Purchases Return	30,000
Sales Return	80,000	Sales	25,00,000
Freight and Carriage	75,000	Commission	33,000
Wages	3,65,000	Capital	17,00,000
Salaries	1,20,000	Interest on Bank Deposit	20,000
Repairs	12,000	B/P	62,000
Trade Expenses	40,000		
Rent and Taxes	2,40,000		
Cash in Hand	57,000		
B/R	40,000		
	5,50,000		
Plant and Machinery	16,00,000		
Withdrawals (Drawings)	1,66,000		
Bank Deposit	2,00,000		
	44,95,000		44,95,000
