

**DIPLOMA EXAMINATION IN ENGINEERING/TECHNOLOGY/MANAGEMENT/
COMMERCIAL PRACTICE, APRIL - 2024**

FINANCIAL ACCOUNTING II

[Maximum marks: 75]

[Time: 3 Hours]

PART A

**I. Answer all the following questions in one word or one sentence. Each question carries 1 mark
(9 x 1 = 9 Marks)**

		Module outcome	Cognitive level
1	Bank reconciliation is prepared by	M1.01	R
2	What is the unfavourable balance of cashbook?	M1.02	R
3	Errors which arise due to wrong recording, wrong posting, wrong balancing are known as	M2.01	R
4	If a transaction is omitted from being recorded completely or partially it is known as	M2.01	R
5	Which is the statement prepared to show the financial position of a firm?	M3.01	R
6	Unearned income means income received in	M3.02	R
7	Outstanding expenses are shown on the side of balance sheet.	M3.02	R
8	Where a bill of exchange is drawn and accepted for mutual help it is called	M4.03	R
9 is the person who makes/writes the bill of exchange.	M4.01	R

PART B

**II. Answer any eight questions from the following. Each question carries 3 marks.
(8 x 3 = 24 Marks)**

		Module outcome	Cognitive level
1	Recall the meaning of Bank Reconciliation Statement.	M1.01	R
2	Prepare Bank Reconciliation Statement. <div style="text-align: right; margin-right: 20px;">₹</div> Balance as per cash book (dr) 15000 Cheque issued but not presented for payment 9000 Cheque deposited but not yet collected 2500 Interest allowed by bank 500 Bank charges 200	M1.03	U
3	Give journal entries to rectify the following errors. (a) A credit sale of goods ₹ 2400 to Ramesh has been wrongly entered in purchase book. (b) Sold machinery for ₹ 25000 is credited to sales account.	M2.02	A
4	Summarise the term “error of principle”.	M2.01	U

VI	<p style="text-align: center;">OR</p> <p>Prepare a Bank Reconciliation Statement from the following and ascertain balance as per cash book on 31st March 2019.</p> <ol style="list-style-type: none"> i. The bank overdraft as per pass book ₹ 15000. ii. Cheques issued to creditors amounting to ₹ 27000 in the month of March 2019 of which cheque worth ₹ 3000 only were presented to the bank. iii. Cheque received from a customer deposited in bank not entered in cash book ₹ 4500. iv. Interest on Govt. securities collected and credited by bank ₹ 5600. v. The bank had charged interest on overdraft ₹ 600 and bank charge ₹ 350 there was no entry in the cash book for the same. 	M1.01	U																																																												
VII	<p>Rectify the following errors:</p> <ol style="list-style-type: none"> a. Machinery purchased for ₹ 15000 were debited to purchase A/c. b. A credit purchase of ₹ 5000 to Ram omitted to be recorded in the books. c. ₹ 7000 received from Manoj has been wrongly entered as from Sanoj. d. ₹ 1000 paid for salary to Manu debited to his personal A/c. e. A credit sale of old furniture to Anil for ₹ 5700 was posted as ₹ 7500. f. A sales return of ₹ 1000 to Thomas was not recorded. <p style="text-align: center;">OR</p>	M2.02	U																																																												
VIII	List out the steps to locate errors.	M2.02	U																																																												
IX	<p>The following is the trial balance of a trader on 31st March 2014.</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 50%;">Particulars</th> <th style="width: 25%;">Dr Amount</th> <th style="width: 25%;">Cr Amount</th> </tr> </thead> <tbody> <tr><td>Capital</td><td></td><td style="text-align: right;">25000</td></tr> <tr><td>Drawings</td><td style="text-align: right;">3000</td><td></td></tr> <tr><td>Wages</td><td style="text-align: right;">2000</td><td></td></tr> <tr><td>Salaries</td><td style="text-align: right;">3000</td><td></td></tr> <tr><td>Carriage on purchase</td><td style="text-align: right;">1300</td><td></td></tr> <tr><td>Factory expenses</td><td style="text-align: right;">700</td><td></td></tr> <tr><td>Purchase</td><td style="text-align: right;">60000</td><td></td></tr> <tr><td>Sales</td><td></td><td style="text-align: right;">90000</td></tr> <tr><td>Opening stock</td><td style="text-align: right;">15000</td><td></td></tr> <tr><td>Rent</td><td style="text-align: right;">2500</td><td></td></tr> <tr><td>Furniture</td><td style="text-align: right;">3500</td><td></td></tr> <tr><td>Plant and machinery</td><td style="text-align: right;">15000</td><td></td></tr> <tr><td>Debtors & Creditors</td><td style="text-align: right;">20000</td><td style="text-align: right;">10000</td></tr> <tr><td>Cash</td><td style="text-align: right;">3000</td><td></td></tr> <tr><td>Commission</td><td></td><td style="text-align: right;">1000</td></tr> <tr><td>General expenses</td><td style="text-align: right;">5400</td><td></td></tr> <tr><td>Bank loan</td><td></td><td style="text-align: right;">9000</td></tr> <tr><td>Interest on loan</td><td style="text-align: right;">600</td><td></td></tr> <tr><td></td><td style="text-align: right;">135000</td><td style="text-align: right;">135000</td></tr> </tbody> </table>	Particulars	Dr Amount	Cr Amount	Capital		25000	Drawings	3000		Wages	2000		Salaries	3000		Carriage on purchase	1300		Factory expenses	700		Purchase	60000		Sales		90000	Opening stock	15000		Rent	2500		Furniture	3500		Plant and machinery	15000		Debtors & Creditors	20000	10000	Cash	3000		Commission		1000	General expenses	5400		Bank loan		9000	Interest on loan	600			135000	135000	M3.04	A
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X	<p>Adjustments:-</p> <ol style="list-style-type: none"> 1. Closing stock is valued at ₹ 2600 2. Wages outstanding ₹ 400 3. Interest on loan due ₹ 300 <p>Prepare Trading and Profit and Loss account for the year ending 31st March 2014 and Balance Sheet as on that date.</p> <p style="text-align: center;">OR</p> <p>From the following information prepare Final Accounts.</p> <table border="1" data-bbox="310 426 1192 1146"> <thead> <tr> <th>Particulars</th> <th>₹ Dr</th> <th>₹ Cr</th> </tr> </thead> <tbody> <tr><td>Capital</td><td></td><td>100000</td></tr> <tr><td>Goodwill</td><td>15000</td><td></td></tr> <tr><td>Cash in hand</td><td>4000</td><td></td></tr> <tr><td>Opening stock</td><td>40000</td><td></td></tr> <tr><td>Purchases</td><td>168000</td><td></td></tr> <tr><td>Investment</td><td>10000</td><td></td></tr> <tr><td>Furniture</td><td>30000</td><td></td></tr> <tr><td>Bad debts</td><td>6000</td><td></td></tr> <tr><td>Provision for bad debts</td><td></td><td>7000</td></tr> <tr><td>Salaries</td><td>32000</td><td></td></tr> <tr><td>Carriage inwards</td><td>10000</td><td></td></tr> <tr><td>Rent</td><td>19000</td><td></td></tr> <tr><td>Debtors</td><td>90000</td><td></td></tr> <tr><td>Creditors</td><td></td><td>50000</td></tr> <tr><td>Sales</td><td></td><td>280000</td></tr> <tr><td>Printing and stationery</td><td>6000</td><td></td></tr> <tr><td>General expense</td><td>7000</td><td></td></tr> <tr><td></td><td>437000</td><td>437000</td></tr> </tbody> </table> <p>Adjustments:-</p> <ol style="list-style-type: none"> 1. Closing stock is valued at ₹ 47000. 2. Provide for bad debts ₹ 2000. 3. Manager is entitled to get a commission of 10% on net profit before charging such commission. 4. Depreciate furniture by 10%. 	Particulars	₹ Dr	₹ Cr	Capital		100000	Goodwill	15000		Cash in hand	4000		Opening stock	40000		Purchases	168000		Investment	10000		Furniture	30000		Bad debts	6000		Provision for bad debts		7000	Salaries	32000		Carriage inwards	10000		Rent	19000		Debtors	90000		Creditors		50000	Sales		280000	Printing and stationery	6000		General expense	7000			437000	437000	M3.04	A
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	Cash	1550			
	Machinery	15000			
	Creditors		5500		
	Drawings	3000			
	Returns	1000	500		
		125000	125000		
	Adjustments				
	1. Closing stock is valued at ₹ 16500.				
	2. Salaries outstanding ₹ 500.				
	3. Rent prepaid ₹ 100.				
	4. Insurance prepaid ₹ 50				
XIII	Maneesha sold goods to Midhun worth ₹ 50000 on 1 st July 2009. Maneesha drew a bill for ₹ 50000 on same date. She discounted the bill @ 12% p.a at her bank. On the due date Midhun paid the required amount. Give journal entries in the books of Maneesha and Mudhun.			M4.04	U
	OR				
XIV	A sell goods to B for ₹ 10000 and draws a bill on him for the same amount for 3 months. Before the due date B request, A to cancel the bill, to accept ₹ 3000 as part payment and to draw a fresh bill on him for ₹ 7200 for a further period of 2 months ₹ 200 being the interest for extended period. The new bill is met on due date. Pass necessary journal entries in the books of both the parties.			M4.04	U
