

**DIPLOMA EXAMINATION IN ENGINEERING/TECHNOLOGY/MANAGEMENT/
COMMERCIAL PRACTICE, NOVEMBER – 2023**

ACCOUNTANCY II

[Maximum Marks : 100]

[Time : 3 hours]

PART – A
(Maximum Marks : 10)

Marks

I. Answer **all** questions in one or two sentences. Each question carries 2 marks.

1. Define Bill of Exchange.
2. What do you mean by Accounting Errors?
3. What is Bank Reconciliation Statement?
4. Describe Outstanding Expenses.
5. State the meaning of Final Accounts.

(5x2=10)

PART – B
(Maximum Marks : 30)

II. Answer any **five** of the following questions. Each question carries 6 marks.

1. List out the features of Bill of Exchange.
2. Give adjusting entries for the following
 - a) Wages outstanding
 - b) Prepaid Expenses
 - c) Accrued Income
 - d) Depreciation
 - e) Bad debts
 - f) Interest on Capital
3. Rectify the following errors by giving correcting entries.
 - a) Rent paid to landlord is debited in landlord's account Rs.600.
 - b) Carriage paid on purchase of furniture Rs.300 is debited in carriage account.
 - c) Goods sold to Renjith for Rs.500 has been wrongly recorded in Purchase Day Book.
 - d) Private Expense Rs. 200 is debited in Trade Expenses Account.
 - e) Credit purchase of goods for Rs. 850 from Chand & Sons has not been recorded in the day book.
 - f) Rs. 180 is received from Salini has been credited in the account of Sajini.
4. Write down the need and importance of Bank Reconciliation Statement.
5. What do you mean by Commission on Profit or Manager's Commission?
How do you calculate it?
6. What is meant by dishonor of a bill? What are the effects of dishonor of a bill?
7. The Cash Book of Mr. Reji showed a debit balance of Rs. 4900 on May 31, 2020. On comparing the Cash Book with Pass Book, the following were found.
 - a) Cheques deposited into bank for collection, but not collected till date Rs.720.
 - b) Cheques issued, but not paid by bank Rs. 650.
 - c) Direct payment by a customer to the bank not recorded in cash book Rs. 520.
 - d) Interest on deposit credited in pass book Rs. 310.
 - e) Discounted bill dishonored entered only in the Pass Book Rs. 400.
 - f) Bank charges debited in Pass Book Rs. 75.

Prepare Bank Reconciliation Statement of Mr. Reji.

(5x6=30)

PART – C

(Maximum Marks : 60)

(Answer **one full** question from each unit. Each full question carries 15 marks)

UNIT – I

- III.** Explain the causes of difference between Cash Book balance and Pass Book balance. (15)

OR

- IV.** How to prepare Bank Reconciliation Statement and also draw the proforma of a Bank Reconciliation Statement. (15)

UNIT – II

- V.** (a) What do you mean by Promissory note? List out its features. (6)

- (b) Write down the difference between Bill of Exchange and Promissory notes. (9)

OR

- VI.** Explain the following terms:

- (a) Drawer (b) Drawee (c) Payee
(d) Endorsement (e) Negotiation (15)

UNIT –III

- VII.** Debit balance amount column of Kumar's Trial Balance is more than its credit balance amount column by Rs.370. The following errors were later discovered.

- (a) Purchase Day Book is found under cast by Rs.170.
(b) Sales Day Book is over cast by Rs.300.
(c) Purchase Return Day Book is added less by Rs.60.
(d) Sales Return Day Book is added less by Rs.40.
(e) Purchase from Deepu Rs.400 is posted to the debit side of his account.
(f) Rent paid Rs.240 has been posted twice to Rent account.
(g) Cash paid to Sojan Rs.110 has been posted to the credit of Sojan's account.
Give rectifying journal entries and also prepare Suspense account. (15)

OR

- VIII.** Explain the Classification of Errors on the basis of their effect on trial balance. (15)

UNIT – IV

- IX.** The following is the Trial Balance of M/s Aleena Timbers as on 31st Dec, 2020.

TRIAL BALANCE
as on 31st December 2020

| Particulars | Dr Amount | Cr Amount |
|-----------------------------------|-----------------|-----------------|
| Capital | | 40,500 |
| Purchase | 45,000 | |
| Purchases Return | | 3,000 |
| Sales | | 72,000 |
| Sales Return | 2,000 | |
| Stock on 1 st Jan 2020 | 15,000 | |
| Cash in hand | 2,200 | |
| Salaries | 3,050 | |
| Rent | 1,250 | |
| Commission Received | | 700 |
| Discount Earned | | 300 |
| Wages | 1,500 | |
| Carriage on Purchases | 500 | |
| Sundry Creditors | | 6,000 |
| Sundry Debtors | 9,000 | |
| Machinery | 3,000 | |
| Furniture | 10,000 | |
| Land & Buildings | 30,000 | |
| Total | 1,22,500 | 1,22,500 |

Stock on 31st December 2020 is Rs.21000/-

Prepare the Trading and Profit & Loss Account for the year ending 31st December and a Balance sheet as on that date. (15)

OR

X. Marshalling denotes the order in which assets and liabilities are shown in the balance sheet.

(a) What is Order of Liquidity?

(b) What is Order of Permanence?

(c) Draw the form of Balance sheet in Order of Liquidity. (15)
