

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

FINANCIAL ACCOUNTING-III

[Maximum Marks: 75]

[Time: 3 Hours]

PART-A

I. Answer *all* the following questions in one word or one sentence. Each question carries 'one' mark.

(9 x 1 = 9 Marks)

		Module Outcome	Cognitive level
1.	Non-Profit organizations are established for rendering.....	M1.01	R
2.is the amount received by non-profit organization the death of a person as per his WILL.	M1.02	R
3.	The system of keeping incomplete records is known as.....	M2.01	R
4.account is prepared to find out credit purchase.	M2.06	R
5.	Decrease in the value of fixed asset is known as.....	M3.01	R
6.	Name the method in which the amount of depreciation is same for every year.	M3.02	R
7.	Expand IFRS.	M4.05	R
8.	AS-I indicates.....	M4.04	R
9.	Receipts and Payment Account is the summary of.....	M1.02	R

PART-B

II. Answer any *eight* questions from the following. Each question carries 'three' marks.

(8 x 3 = 24 Marks)

		Module Outcome	Cognitive level
1.	From the following show the amount of subscription to be credited in the Income and Expenditure account for the year 2020 <div style="text-align: right; margin-right: 20px;">₹</div> Subscription received during the year 2020 8000 Subscription outstanding on 1/1/2020 700 Subscription outstanding on 31 /12/2020 2000 Subscription received in advance on 1/1/2020 500 Subscription received in advance on 31/12/2020 600	M1.02	U
2.	Recall the limitations of Income and Expenditure Account.	M1.02	R
3.	List out the features of Non-profit organizations.	M1.01	R
4.	Explain the types of Single entry.	M2.01	U

5.	Raju started a small retail shop, on 1 st January 2014 with a capital of Rs.14250. On 31 st December 2014 his assets and liabilities were: <div style="text-align: right; margin-left: 100px;">₹</div> <table style="margin-left: 100px; border: none;"> <tr><td>Cash in hand</td><td style="text-align: right;">4220</td></tr> <tr><td>Cash at bank</td><td style="text-align: right;">3300</td></tr> <tr><td>Stock</td><td style="text-align: right;">9400</td></tr> <tr><td>Sundry debtors</td><td style="text-align: right;">14200</td></tr> <tr><td>Furniture</td><td style="text-align: right;">4000</td></tr> <tr><td>Sundry creditors</td><td style="text-align: right;">7200</td></tr> </table> <p>During the year he withdrew Rs.1500 for personal purpose and brought in Rs.800 for additional capital. Prepare Statement of Affairs as on 31st December and ascertain profit or loss for the year.</p>	Cash in hand	4220	Cash at bank	3300	Stock	9400	Sundry debtors	14200	Furniture	4000	Sundry creditors	7200	M2.02	A
Cash in hand	4220														
Cash at bank	3300														
Stock	9400														
Sundry debtors	14200														
Furniture	4000														
Sundry creditors	7200														
6.	Find the amount of Credit Purchase. <table style="margin-left: 100px; border: none;"> <tr><td style="text-align: right;">Creditors on opening date</td><td style="text-align: right;">4800</td></tr> <tr><td style="text-align: right;">Cash paid to creditors during the year</td><td style="text-align: right;">32400</td></tr> <tr><td style="text-align: right;">Discount allowed by creditors</td><td style="text-align: right;">1500</td></tr> <tr><td style="text-align: right;">Bills accepted during the year</td><td style="text-align: right;">7500</td></tr> <tr><td style="text-align: right;">Goods returned to creditors</td><td style="text-align: right;">2200</td></tr> <tr><td style="text-align: right;">Creditors on closing date</td><td style="text-align: right;">9200</td></tr> </table>	Creditors on opening date	4800	Cash paid to creditors during the year	32400	Discount allowed by creditors	1500	Bills accepted during the year	7500	Goods returned to creditors	2200	Creditors on closing date	9200	M2.06	R
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7.	Interpret causes of Depreciation.	M3.01	U												
8.	Explain Annuity method of Depreciation.	M3.03	U												
9.	Outline the functions of ASBI.	M4.02	U												
10.	Summarize IFRS.	M4.05	U												

PART-C

Answer all questions from the following. Each question carries 'seven' marks.

(6 x 7 = 42 Marks)

Module Outcome Cognitive level

III.	Compare Receipts and Payment Account with Income and Expenditure account. <b style="text-align: center;">OR	M1.02	U																																				
IV.	The following is the Receipts and Payment account of five-star club for the year ended 31 st December 2010. <p style="text-align: center;">Receipts and Payment Account</p> <table border="1" style="margin-left: auto; margin-right: auto; border-collapse: collapse;"> <thead> <tr> <th style="width: 25%;">Receipts</th> <th style="width: 15%;">Amount</th> <th style="width: 25%;">Payments</th> <th style="width: 35%;">Amount</th> </tr> </thead> <tbody> <tr><td>Balance b/d</td><td style="text-align: right;">2500</td><td>Salaries</td><td style="text-align: right;">2800</td></tr> <tr><td>Subscription</td><td style="text-align: right;">11000</td><td>General expenses</td><td style="text-align: right;">3500</td></tr> <tr><td>Legacy</td><td style="text-align: right;">3000</td><td>Printing and stationery</td><td style="text-align: right;">600</td></tr> <tr><td>Locker rent</td><td style="text-align: right;">2000</td><td>Rent, rates & insurance</td><td style="text-align: right;">1800</td></tr> <tr><td>Entrance fees</td><td style="text-align: right;">3000</td><td>Sports expenses</td><td style="text-align: right;">4500</td></tr> <tr><td>Sports receipts</td><td style="text-align: right;">1800</td><td>Entertainment expenses</td><td style="text-align: right;">3200</td></tr> <tr><td></td><td></td><td>Balance c/d</td><td style="text-align: right;">6900</td></tr> <tr><td></td><td style="text-align: right; border-top: 1px solid black;">23,300</td><td></td><td style="text-align: right; border-top: 1px solid black;">23,300</td></tr> </tbody> </table>	Receipts	Amount	Payments	Amount	Balance b/d	2500	Salaries	2800	Subscription	11000	General expenses	3500	Legacy	3000	Printing and stationery	600	Locker rent	2000	Rent, rates & insurance	1800	Entrance fees	3000	Sports expenses	4500	Sports receipts	1800	Entertainment expenses	3200			Balance c/d	6900		23,300		23,300	M1.04	U
Receipts	Amount	Payments	Amount																																				
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Sports receipts	1800	Entertainment expenses	3200																																				
		Balance c/d	6900																																				
	23,300		23,300																																				

	<p>Additional informations:</p> <ol style="list-style-type: none"> 1. The stock of stationery on 1.1.2010 was Rs.300 and at the end of the year it was Rs.150. 2. Outstanding subscription on 1.1.2010 was Rs.800 and on 31.12.2010 was 1800, Subscription received in advance on 1.1.2010 was Rs.600 and 31.12.2010 was 450. 3. Furniture on 1.1.2010 was Rs.8000 and library books Rs.5000. 4. Provide depreciation @ 10% on furniture and library books. <p>Prepare Income and Expenditure Account for the year ended 31st December 2010 and Balance Sheet as on that date.</p>	M2.07	A																																				
V.	<p>Explain the procedure for preparation of Income and Expenditure account from Receipts and Payments Account.</p> <p style="text-align: center;">OR</p>	M1.02	U																																				
VI.	<p>The following is the Receipts and payment account of AR Music club for the year ended 31st December 2020.</p> <p style="text-align: center;">Receipts and Payment Account</p> <table border="1" data-bbox="331 1032 1187 1462"> <thead> <tr> <th>Receipts</th> <th>Amount</th> <th>Payments</th> <th>Amount</th> </tr> </thead> <tbody> <tr> <td>Balance b/d</td> <td>3500</td> <td>Honorarium</td> <td>2500</td> </tr> <tr> <td>Subscription</td> <td></td> <td></td> <td></td> </tr> <tr> <td>2009</td> <td>300</td> <td>Printing and stationery</td> <td>500</td> </tr> <tr> <td>2010</td> <td>9000</td> <td>Entertainment expenses</td> <td>6500</td> </tr> <tr> <td>2011</td> <td>200</td> <td>Furniture</td> <td>3000</td> </tr> <tr> <td>Entertainment receipts</td> <td>5000</td> <td>Rent</td> <td>2500</td> </tr> <tr> <td></td> <td></td> <td>Balance c/d</td> <td>3000</td> </tr> <tr> <td></td> <td>18,000</td> <td></td> <td>18,000</td> </tr> </tbody> </table> <p>The club has 101 members each paying a subscription of ₹100 per annum. The club had a furniture of ₹5000 on 1st January 2020. Stock of printing and stationery on 1st January 2020 and on 31st December 2020 were valued at ₹150 and ₹120 respectively. Prepare Income and Expenditure Account for the year ended 31st December 2020.</p>	Receipts	Amount	Payments	Amount	Balance b/d	3500	Honorarium	2500	Subscription				2009	300	Printing and stationery	500	2010	9000	Entertainment expenses	6500	2011	200	Furniture	3000	Entertainment receipts	5000	Rent	2500			Balance c/d	3000		18,000		18,000	M1.04	A
Receipts	Amount	Payments	Amount																																				
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	18,000		18,000																																				

VII.	Recall the methods of ascertaining Profit under Single entry system. OR	M2.03	R																																				
VIII.	On 1 st January 2013 Arjun started business Rs.5000. The following were his cash transactions during the year. Cash Book Dr. Cr.	M2.04	A																																				
	<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 25%;">Receipts</th> <th style="width: 15%;">Amount</th> <th style="width: 25%;">Payments</th> <th style="width: 35%;">Amount</th> </tr> </thead> <tbody> <tr> <td>Capital</td> <td style="text-align: right;">5000</td> <td>Wages</td> <td style="text-align: right;">2000</td> </tr> <tr> <td>Sales</td> <td style="text-align: right;">20000</td> <td>Purchase</td> <td style="text-align: right;">14000</td> </tr> <tr> <td>Debtors</td> <td style="text-align: right;">18000</td> <td>Creditors</td> <td style="text-align: right;">12000</td> </tr> <tr> <td>Commission</td> <td style="text-align: right;">200</td> <td>Rent</td> <td style="text-align: right;">1800</td> </tr> <tr> <td></td> <td></td> <td>Insurance</td> <td style="text-align: right;">200</td> </tr> <tr> <td></td> <td></td> <td>Furniture</td> <td style="text-align: right;">8000</td> </tr> <tr> <td></td> <td></td> <td>Balance c/d</td> <td style="text-align: right;">5200</td> </tr> <tr> <td></td> <td style="text-align: right;">43,200</td> <td></td> <td style="text-align: right;">43,200</td> </tr> </tbody> </table> <p>On 31st December he had stock in trade Rs.3200, Debtors Rs.2800 and Creditors Rs.2700. Wages outstanding on 31st December 2013 amounted to Rs.200. Provide depreciation @ 10% on furniture. Prepare Trading, Profit and Loss account and Balance Sheet as on 31st December 2013.</p>	Receipts	Amount	Payments	Amount	Capital	5000	Wages	2000	Sales	20000	Purchase	14000	Debtors	18000	Creditors	12000	Commission	200	Rent	1800			Insurance	200			Furniture	8000			Balance c/d	5200		43,200		43,200		
Receipts	Amount	Payments	Amount																																				
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	43,200		43,200																																				
IX.	Compare Balance Sheet and Statement of Affairs. OR	M2.05	U																																				
X.	A trader keeps his books of accounts under incomplete system. He had a capital of ₹38000 on 1 st April 2016. On 31 st March 2017 his position was as follows Cash in hand ₹5000, cash at bank ₹3000, stock ₹22000, debtors ₹15000, bills receivable ₹6000, furniture ₹10000 and creditors ₹7000. During the year he withdrew ₹3500 for personal purpose and introduced ₹2000 for additional capital. Calculate Profit or Loss and also prepare his Final Statement of Affairs after considering the following: a. Interest to be provided on opening capital 10% b. Depreciation to be provided on furniture 15% c. Provision required for bad debt 5%	M2.04	A																																				

XI.	Explain the methods of providing Depreciation. OR	M3.01	U
XII.	On 1 st January 2007 Sky Ltd, bought machinery worth Rs.56000 and paid Rs.4000 on carriage and erection. On 1 st January 2008 addition is made to the machinery for Rs.30000. On 1 st July 2009 a second-hand machinery bought for Rs.17000 and immediately spent Rs.3000 on repairs. On 1 st July 2010 the machinery bought on 1 st July 2009 is sold for Rs.16500. Depreciation is provided @10 %per annum. Accounts are closed on 31 st December each year. Prepare machinery account up to 31 st December 2010 under fixed installment method.	M3.02	U
XIII.	Explain the procedure for issuing Accounting Standards. OR	M4.02	U
XIV.	List out any seven Accounting Standards in India.	M4.04	R
