

Total No. of Pages:

2

Register Number:

7240

Name of the Candidate:

DIPLOMA EXAMINATION, 2010

(ACCOUNTING AND FINANCE)

(PAPER-I)

110. FINANCIAL ACCOUNTING

Dec]

[Time : 3 Hours

Maximum : 100 Marks

Answer any FIVE questions

(5×20=100)

1. Explain the different branches of Accounting?
2. What are the advantages of Double Entry System of Book keeping?
3. Differentiate Profit and Loss Account from Balance Sheet?
4. Define “Trading Account”? How it is prepared?
5. Explain the various methods of Depreciation?
6. What are the differences between Income and expenditure account with Receipts and Payments Account?
7. Journalize the following Transactions:-

	Rs
2008 January 1 Started business with	10,000
2 Bought goods for cash	4,000
3 Sold goods to Raman	2,000
4 Sold goods for cash	3,000
5 Cash received from Raman in full settlement of his claim	1,950
6 Purchased Furniture from Tukaram	2,500
7 Paid office rent	500
8 Drawings	300
9 Commission received	200
10 Cash drawn from Bank for office use	400

8. Sulthan Limited has an authorized capital of Rs.50000 divided into 5000 equity shares of Rs.100 each. The following is the Trial Balance of the company for the year ended 31st December 2006.

	Dr	Cr
Equity share capital	—	5,00,000
Bills Receivable	40,000	
Plant & Machinery	1,50,000	
Premises	1,00,000	
Debtors	1,00,000	
Cash	3,500	
Bank	5,500	
Sundry creditors		1,10,000
Opening stock	2,70,000	

Purchases	7,00,000	
Wages	80,000	
Fuel and Power	35,000	
Sales		9,43,000
Carriage inwards	16,000	
Discount received		7,000
Auditors fees	11,000	
Salary	44,000	
Travelling expenses	14,000	
Purchases Return		8,000
Carriage Outwards	4,000	
15% Bank Loan		1,00,000
Interest on bank Loan	15,000	
Factory Rent	40,000	
Bad debts	40,000	
	16,68,000	16,68,000

Adjustments:

- i) Value of stock on 31.12.2006 Rs.2,20,000
 - ii) Provide 5% provision for bad debts on debtors
 - iii) Depreciate plant and machinery @10%
 - iv) Unpaid wages Rs.5,000 and Salary Rs.6,000.
- Prepare trading and Profit and Loss Account and Balance Sheet for the year ended 31.12.2006.

9. A lease land was acquired on 1st January 2005 at a cost of Rs.30,000. It was decided to depreciate it under the Annuity method at 5% interest. Annuity tables show that 5% Rs one over 5years is equivalent to Rs.0.230975 annually. Write up the lease a/c for 5 years.

10. From the following Receipts and Payments Account of Silver Cricket club for the year ended 31.12.2003 Prepare Income and Expenditure Account.

Receipts	Rs	Payments	Rs
Opening balance Cash	290	New Building constructed	75,000
Bank	3,710	Souvenir	2,000
Subscriptions	12,000	Salaries	6,000
Donations	13,000	Postage	500
Activities collection	6,900	Telephone	500
Sale of old Newspapers	300	Electricity	600
Souvenir Advertisement	5,800	Maintenance expenses	12,000
Endowment income	3,000	Newspapers	500
Sale proceeds of old Building at book value	60,000	Closing balance	
Income from Investment @ 10%	4,000	Cash	300
	<u>109000</u>	Bank	11,600
			<u>109000</u>

Subscriptions:

For 2002 (due as at 31.12.2002)	Rs.1000
For 2004 Advance	Rs.1200
Due for 2003	Rs. 800

Expenses outstanding:

Salary	Rs.1200
Electricity	Rs. 100
Telephone	Rs. 100
Postage	Rs. 100

Provide depreciation of Buildings @ 5%