

**TERM END EXAMINATION - DECEMBER, 2018**  
**DIPLOMA IN ACCOUNTING (DIA)**  
**DIA-01: BASIC ACCOUNTING**

**DIA-01**

**Total Marks: 100**

**Time: 3 Hrs.**

*(Instructions: Answer all the questions from Group A, answer any four questions from Group B & any four from Group C and any two questions from Group D)*

**Group A**

**Q.1 Multiple-Choice Questions-**

**(1×10=10)**

- i. According to the double entry system of accounting, an account that obtains benefit is:
  - a. Credit
  - b. Debit
  - c. Income
  - d. No need to show as accounting record
  
- ii. Under which of the following kinds of business concepts it is assumed that the organization will last for a long time.
  - a. Accounting Entity
  - b. Going Concern Entity
  - c. Money Measuring Entity
  - d. Accounting Period
  
- iii. Anticipate no profits and provide for all possible losses. This is essence of which of the following accounting principles:
  - a. Dual Aspect Principle
  - b. Materiality Principle
  - c. Timeliness Principle
  - d. Conservatism Principle
  
- iv. Find out value of account receivable from following Cash Rs. 48,000 account payable Rs. 33,000 office equipment Rs. 21,000 owner equity Rs. 77,000?
  - a. Rs. 21,000
  - b. Rs. 41,000
  - c. Rs. 15,000
  - d. Rs. 110,000
  
- v. The process of recording is done
  - a. Two times a year
  - b. once a year
  - c. Frequently during the accounting period
  - d. At the end of a accounting period
  
- vi. The process of recording transactions in different journals is called
  - a. Posting
  - b. Entry making
  - c. Adjusting
  - d. Journalizing
  
- vii. The balance on the debit side of the bank column of cash book indicates?
  - a. The total amount has drawn from the bank
  - b. Cash at bank
  - c. The total amount overdraft in the bank
  - d. None of above
  
- viii. Which of the following error results in unadjusted cash book balance?
  - a. Outstanding cheques
  - b. Un presented cheques
  - c. Deposit in transit
  - d. Omission of Bank charges
  
- ix. Purpose of Sales Book is-
  - a. To record all sales made by the firm
  - b. To record payment due to creditors
  - c. To record all credit sales made by the firm
  - d. to record credit sales of goods made by the firm
  
- x. In bank reconciliation statement the amount of outstanding cheques is added to \_\_\_\_\_ balance of cash book
  - a. Adjusted
  - b. Unadjusted
  - c. Understated
  - d. Overstated

### Group B

**Q.2 Answer any 4 within 50 words each.** (5×4=20)

- a) Distinguish between Traditional view of Accounting and Modern view of Accounting.
- b) What is the full form of GAAP? What it signifies?
- c) Why are the two sides of accounting equation always equal? Illustrate with an example.
- d) Why ledger is called as the book of final entry? What is the importance of ledger?
- e) Write short notes on Triple Column Cash Book.
- f) State the importance of Bank Reconciliation Statement.

### Group C

**Q.3 Answer any 4 within in 200 words each-** (10×4= 40)

- a) What do you mean by Financial Accounting? Discuss its advantages and disadvantages.
- b) Discuss the significance of conservatism and materiality principle.
- c) What is Accounting Equation? Explain the mechanism by taking five imaginary transaction of your own.
- d) Discuss the process of recording financial transactions in the ledger accounts.
- e) Outline the difference between Triple Column Cash Book and Petty Cash Book.
- f) Why preparation of Bank Reconciliation statement is essential? Discuss various reasons.

### Group D

**Q.4 Answer any 2 within 250 words each –** (15×2= 30)

- a. Describe different types of accounts and their relevance in accounting system with suitable examples.
- b. Discuss the important Accounting Concepts and Conventions which are necessary for the Accounting Professionals for building up a sound accounting system.
- c. Journalize the following transactions in the books of Suresh:
  - i. Suresh commenced business with cash Rs. 5,000.
  - ii. Bought goods from Ramesh costing Rs. 500 on cash and Rs. 600 on credit.
  - iii. Purchased office equipment from Sarkar and paid for same in cash Rs. 700.
  - iv. Paid for stationery for office use Rs. 25.
  - v. Sold to Krishna goods Rs. 450 on credit.
  - vi. Paid salaries to office staff Rs. 350.
  - vii. Krishna sent us Rs. 300 on account.
  - viii. Settled Ramesh's account by giving Rs. 590.
  - ix. Suresh paid Rs. 20 for his private expenses
  - x. Received dividend from investment Rs. 160.
- d. On 31st December 2016 the pass book of X Ltd showed an overdraft of Rs.9475. This balance did not agree with the balance as per cash book. On scrutiny the following facts were noted:
  - i. Cheques for Rs.3400 issued in December were presented for payment in January.
  - ii. Cheques deposited but not collected till 31st December amounted to Rs.2900.
  - iii. Direct payment into the bank by a customer amounted to Rs.1200.
  - iv. Bank has received Rs.500 as interest on debentures through ECS on 31st December.
  - v. Payment side of cash book is under cast by Rs.100.Prepare a Bank Reconciliation Statement.