

DIPLOMA IN ACCOUNTING

BASIC ACCOUNTING

Time: 3 hours

Full Marks: 100

Read the instructions carefully before attempting questions from each group

GROUP – A

1. Answer all the questions

(1x10=10)

- (i) Which of the following statements is not an objective of Accounting?
- a) To provide information about the enterprise's assets, liabilities and capital
 - b) To provide information on the personal assets and liabilities of the owner of an enterprise
 - c) To maintain records of business
 - d) To provide information on the performance of an enterprise
- (ii) Revenue is generally recognised at the point of sale. Which principle is applied herein?
- a) Consistency.
 - b) Matching.
 - c) Revenue recognition.
 - d) Cost principle.
 - e) None of the above.
- (iii) Which of the following is correct?
- a) $\text{Assets} = \text{Liabilities} - \text{Capital}$.
 - b) $\text{Assets} = \text{Capital} - \text{Liabilities}$.
 - c) $\text{Assets} = \text{Liabilities} + \text{Capital}$.
 - d) $\text{Assets} = \text{External Equities}$.
- (iv) Ledger is a book of:
- a) Original entry.
 - b) Secondary entry.
 - c) All cash transactions.
 - d) All non cash transactions.
- (v) Bank column of the cash book may show:
- a) Only a debit balance.
 - b) Only a credit balance.
 - c) Either debit balance or credit balance.
- (vi) The total of journal proper will be debited to:
- a) Cash account.
 - b) Customer's account.
 - c) Supplier's account.
 - d) None of the above.
- (vii) If a firm borrows a sum of money, there will be:
- a) Increase in capital.
 - b) Decrease in capital.
 - c) No effect on capital.

- (viii) During the life time of an entity, accountants produced financial statements at arbitrary points in time in accordance with which basic accounting principles?
- Cost benefit.
 - Periodicity.
 - Conservatism.
 - Matching.
 - None of the above.
- (ix) The words "To balance b/f" or "By balance b/f" is recorded in the 'particular column' at the time of posting of...
- All compound entries.
 - An opening entry.
 - A closing entry.
 - An adjusting entry.
 - A transfer entry.
- (x) Bank reconciliation statement is:
- Part of bank statement.
 - Part of the cash book.
 - A separate statement.
 - A subdivision of journal.

GROUP – B

2. Answer any four questions.

(5x4=20)

- What is an Accounting Cycle?
- What is meant by Generally Accepted Accounting Principles (GAAP)?
- What is an Accounting equation?
- What is a Compound entry?
- What is a Contra entry?
- What is a Source document?

GROUP – C

3. Answer any four questions.

(10x4=40)

- List the main objectives of Accounting?
- What is the full disclosure principle? Name the exception to it?
- Give an equation for calculating External Equity?
- Enumerate the steps in Journalising?
- Why is a Journal subdivided?
- Distinguish between Trade discount and Cash discount?

GROUP – D

4. Answer any two questions.

(15x2=30)

- Explain the primary objectives of Accounting. Discuss the Advantages and Limitations of Accounting?
- State the procedures for developing an Accounting Equation?
- Explain the meaning and types of Cash Books?
- What do you understand by Subsidiary Books? Describe the objectives of preparing such books?