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(REVISION — 2015)

Reg. No. ....

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**DIPLOMA EXAMINATION IN ENGINEERING/TECHNOLOGY/  
MANAGEMENT/COMMERCIAL PRACTICE — OCTOBER, 2018**

**BASIC ACCOUNTING**

[Time : 3 hours]

(Maximum marks : 100)

**PART — A**

(Maximum marks : 10)

Marks

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

1. State the accounting equation.
2. List out the rules of debit and credit.
3. Write the meaning of dual aspect principle.
4. Write the meaning of the term 'cash discount'.
5. State the meaning of the term 'ledger'.

(5×2 = 10)

**PART — B**

(Maximum marks : 30)

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

1. Differentiate between book of original entry and ledger.
2. Mr. Varma commenced business on 1<sup>st</sup> July 2004 with ₹ 15,000. His transaction for the month of July is given below.

July 1	Purchased goods for cash	5,600
July 4	Sold goods to Gopal	3,100
July 10	Bought goods from Ravi	2,400
July 12	Sold to Rajan goods for cash	2,500
July 15	Rashid purchased goods from us	2,400
July 20	Received cash from Gopal	1,600
July 21	Received cash from Rashid	1,000
July 25	Paid to Ravi on account	1,500

3. Describe the objective of trial balance.

4. The following information relates to a business for the year 2004. Ascertain gross profit.

Opening stock	16000
Purchases	40000
Purchase return	1500
Direct expenses	3000
Sales	78000
Sales returns	2400
Closing stock	13000

5. Prepare the balance sheet from the following :  
Capital ₹ 10,000, Cash ₹ 10,000, Loan ₹ 5,000, Bills receivable ₹ 5,000, Bills payable ₹ 6,000, Bank overdraft ₹ 2,000.
6. Explain the following terms :  
(a) Current assets  
(b) Fixed assets  
(c) Current liabilities  
(d) Long term liabilities
7. Explain capital expenditure and revenue expenditure. (5×6 = 30)

### PART — C

(Maximum marks : 60)

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

### UNIT — I

- III (a) Explain advantages and disadvantages of accounting. 8  
(b) Discuss the nature and objectives of accounting. 7
- OR
- IV (a) Write a short note on accounting concepts. 8  
(b) Explain accounting principles in detail. 7

### UNIT — II

- V Journalize the following transactions :
- Sold goods to John ₹ 3,000 at a trade discount of 10%.
  - Bought goods worth ₹ 6,000 from Suman at a trade discount of 5%.
  - Paid Jos ₹ 1,450 in full settlement of his account ₹ 1,500.
  - Received cash from Soman ₹ 1,925 and discount allowed ₹ 75.
  - Jayan paid us cash ₹ 725 and he was allowed discount ₹ 15.
  - Anand paid us cash ₹ 700 and returned goods worth ₹ 500.

VI Enter the following transactions in the journal.  
2005

July 1	Anto commenced business with cash	20,000	
July 2	Opened a bank account	5,000	
July 4	Purchased goods on credit from Rajan	9,000	
July 6	Sold goods on credit to Mohan	4,000	
July 7	Goods returned by Mohan	1,300	
July 9	Received a cheque from Mohan	2,000	
July 10	Withdrew from bank	1,000	
July 11	The cheque from Mohan deposited into bank	2,000	15

UNIT — III

- VII (a) What is a balance sheet ? 5  
(b) Explain the nature and need of balance sheet. 10

OR

- VIII Explain the trading account items on the debit side and credit side. 15

UNIT — IV

- IX Explain a classification of errors and its rectifications. 15

OR

- X (a) Explain a suspense account with examples. 8  
(b) Explain adjusting, closing with appropriate examples. 7