

**Dr. Babasaheb Ambedkar Open University**  
**Term End Examination December – 2019**

<b>Course</b>	: BBAAT	<b>Date</b>	: 08-Jan-2020
<b>Subject Code</b>	: BBAAT-105	<b>Time</b>	: 03:00pm to 06:00pm
<b>Subject Name</b>	: Basics of Account	<b>Duration</b>	: 03 Hours
		<b>Max. Marks</b>	: 70

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**Section A**

**Answer the following (Attempt any three)**

**(30)**

1. What do you understand by the term 'Reserves'? What are the kinds of Reserves and how it is different from provision?
2. Explain the principles of accounting.
3. Define fixed, floating, fictitious, liquid and wasting assets and give two examples of each.
4. On *March 2017*, Farhan Rahim, starts wholesaling business. Following transactions as follows:  
1. He started business with capital of Rs. 15,000 and Land worth Rs. 10,000.  
8. Bought goods from Bilal and Friends Rs. 1,000 and by cash from XYZ Co. Rs 2,000.  
13. Sold goods to Rehman & sons Rs. 1,500 and sale by cash Rs. 5,000.  
17. Gave away charity of cash Rs. 50 and merchandising worth Rs. 30.  
21. Paid Bilal and Friends cash Rs. 975; discount received Rs. 25.  
28. Received cash from Rehman & Sons Rs. 1,450; allowed him discount of Rs. 50.  
Journalize the above transaction.
5. What are Final Accounts? Explain Trading Account, Profit and Loss Account and Balance Sheet.

**Section B**

**Answer the following (Attempt any four)**

**(20)**

1. What are subsidiary books? Explain with illustrations.
2. How are accounts classified? State the rules of journalizing with respect to each class of account.
3. Distinguish between capital Expenditure and Revenue Expenditure
4. What is the meaning of Accounting? What are its branches?
5. Explain the meaning of depreciation. Differentiate between straight line method and written down value method of providing depreciation.
6. What is contra entry? How will you recognize it from among other entries in cash book.

**Section C**

**Part – A (Multiple Choice Questions)**

**(10)**

- 1 C and D entered into joint venture. D gives Rs. 50,000 to C. To which account this transaction will be recorded in the books of D ?  
A No Entry  
B Expense Account  
C Joint Venture Account  
D C'S Account

- 2 Joint Venture is a .....Account  
 A Personal B Real  
 C Nominal D Memorandum
- 3 HO sends goods to branch at 20% profit on invoice price, therefore the percentage of profit on cost comes to –  
 A 15% B 25%  
 C 33.33% D 20%
- 4 Cash purchases Rs. 60,000, Credit Sales Rs. 3,52,000, Cash Sales Rs. 80,000, Closing Stock is Rs. 30,000, Opening Stock is Rs. 50,000, Rate of gross profit on cost is 20%, then credit purchases are:-  
 A 2,54,400 B 2,80,000  
 C 3,52,000 D 2,65,800
- 5 Bad debts written off always affected the-  
 A Debtor A/c B Creditor A/c  
 C Cash A/c D None of the above
- 6 Single entry system of book keeping is generally followed by –  
 A Small business B Non Trading  
 C Large Business D None of the above
- 7 Which is the odd account from the following accounts in context to debit balance or credit balance?  
 A Bills Payable A/c B Creditors A/c  
 C Bills Receivable A/c D Capital A/c
- 8 The abnormal loss of Rs 80,000 occurred in consignment business, the insurance company accepted 60% claim. The abnormal loss is –  
 A 80,000 B 40,000  
 C 32,000 D None
- 9 Change in the value of Fixed Assets are not recorded in accounts because of principle of –  
 A Conservatism B Objectivity  
 C Going Concern D None of the above
- 10 Why are the total of two sides of the balance sheet equal ?  
 A Cost Concept B Dual Aspect Concept  
 C Equity Concept D All of the above

**Part – B (Do as Directed)**

**(10)**

- 1 Liability
- 2 Net Margin
- 3 Payment
- 4 Petty Cash
- 5 Trade Discount
- 6 Receivables
- 7 Lessee
- 8 CFO
- 9 Bankruptcy
- 10 Accumulated Depreciation