## Dr. Babasaheb Ambedkar Open University Term End Examination March – 2021

Course	:	BBA/BBAHT/BBAIB/DBA	Date	:	14-March-2021
Subject Code	:	BBA - 102(OLD/NEW)/ BBAHT-	Time	:	10:00am to 12:00pm
		102 (OLD)/ BBAIB - 102/DBA-102			
Subject Name	:	<b>Basics of Accounting</b>	Duration	:	02 Hours
			Max. Marks	:	50

#### Section A

### Answer the following (Attempt any two)

- 1. Define Accounting. Explain various principles accounting
- 2. Record journal entries in the books of J. Smith & Co. from the following transaction: Transactions during January, 2006
  - 1 Started business with a capital of Rs. 50,000 and Building valued
  - Rs.5, 00,000 and stock of Rs. 50,000.
  - 6 Paid into bank Rs.30,000.
  - 8 Cash Sales of Rs.10,000.
  - 10 Purchased goods of Rs.4,000.
  - 17 Goods sold to Ramakant of Rs.2,800 and cash received of Rs.2,750/-
  - 25 Paid telephone Bill of Rs.300
  - 26 Paid wages to workers Rs.5000
  - 28 Withdrawn from Bank for personal use Rs.5000
  - 31 Purchased computer and paid by cheque Rs.22,000
- 3. What are the different reasons for discrepancy between the balance as per the cash book and the Pass book?
- 4. From the under noted Trial Balance of a Trader as on 31.3.2019 prepare a trading and Profit and Loss Account for the year ended 31.3.2019 and a Balance Sheet as on that date

Trail balance

Particulars	Amount	Particulars	Amount
Cash in hand	300	4% Bank Loan	5,000
Purchases	30000	Capital	20,000
Grening Stock	8,750	Bills Payable	5,500
Sundry Debtors	12,500	Creditors	6,000
Plant &			
Machinery	15,000	Sales	50000
5		Bad debts	
Furniture	3,750	Reserve	300
Bills Receivable	5,000		
Rent and Taxes	2,500		
Wages	4,000		
Salaries	5,000		
Total	86800	Total	86,800

# Additional Information supplied: i) Closing Stock Rs. 10,000; (ii) Provide outstanding liabilities: Rent and Taxes Rs. 500; Wages Rs. 750; Salaries Rs. 1.000; (iii) Depreciation: On Plant and Machinery @ 5%; On Furniture @ 10%; (iv) Write-off Rs 125 as bad debts; (v) Create bad debts reserve @ 2.55 on Sundry debtors.

#### Section B

Answer the following (Attempt any three)

(15)

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(20)

- Classify the following accounts in three accounts Personal, Real and Nominal

   (i) Capital A/c, (ii) Drawings A/c, (iii) Goodwill A/c, (iv) Bank A/c, (v) Rent paid A/c, (vi)

   Interest A/c, (vii) Building A/c, (viii) Advertisement Expense, (ix) A& Co. A/c, (x) Gujarat
   sports club
- 2. Explain users of accounting information in brief
- 3. Explain the errors which are not disclosed by the trial balance
- 4. Discuss various kinds of cash book in detail
- 5. Write down difference between Capital expenditure and Revenue expenditure

#### Section C Part – A (Multiple Choice Questions) (10)include the accounts of persons with whom the business deals 1 Personal account В Real account Α С Nominal account D All of these 2 The \_is the book of original entry Ledger А В Journal С **Trial Balance** None of these D 3 book, all transaction related to credit sales are recorded In Ledger А В Journal С Sales book D Cash book provides for the test of arithmetical accuracy of various ledger accounts 4 А Journal Ledger В С Subsidiary Book D **Trial Balance** 5 Helps to detect any mistaking the cashbook and in the passbook. Bank reconciliation statement Ledger А В С Trial Balance Journal D expenditure also includes extensions and additions on the fixed asset. 6 А B Revenue Capital D None of these С Deferred Revenue expenditure 7 The Debts which cannot be realized at all are called Α Good Debt Doubtful Debts С **Bad Debts** D All of these 8 means the gradual decrease or loss in the value of asset due to its usage А Demolition Asset В С Appreciation Depreciation D 9 The main objective of trading Account is to ascertain \_\_\_\_\_ of a business during an accounting period Gross profit or Gross loss Α Net profit or Net loss В С **Only Profit** All of these D Which of the following are various elements of cost? 10 Material Α В Labour С Both A & B None of these D Part – B (Do as Directed) (05)Sate weather the following statement are True or False 1 The current accounting is based on the principles of double entry system which was given to us by Luco Pacioli 2 Debtors are the clients of the business to whom goods are sold on credit 3 All goods returned by the customers are primarily recorded in purchase return book 4 The transaction omitted altogether from the books of original entry is called Error of omission.

5 When the cashbook shows a debit balance of the bank or a pass book shows a credit balance it is known Favorable

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