

**Dr. Babasaheb Ambedkar Open University**  
**Term End Examination January – 2023**

|              |                        |            |                      |
|--------------|------------------------|------------|----------------------|
| Course       | : BBAR/DBAR            | Date       | : 01-Feb-2023        |
| Subject Code | : BBAR/DBAR-102        | Time       | : 03:45pm to 06:00pm |
| Subject Name | : Basics of Accounting | Duration   | : 02.15 Hours        |
|              |                        | Max. Marks | : 70                 |

**Section A**

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

**(30)**

1. Explain the Accounting Principles in details.
2. Pass necessary journal entries for the following transactions and post them in the appropriate ledger Accounts of P. Bhavsar.  
2020  
Jan. 1 Started business with R 2,00,000 in the Bank and R 40,000 cash.  
1 Bought shop fittings R 40,000 and a van R 60,000 both paid by cheque.  
2 Paid rent by cheque R 5,000.  
3 Bought goods for resale on credit from Zakir & co. R 50,000.  
5 Cash sales R 5,000.  
8 Paid wages of assistant in cash R 1,000.  
10 Paid insurance by cheque R 500.  
12 Cash sales R 8,000.  
15 Paid wages of assistant in cash R 1000; Goods returned to Zakir & co R 6,000.  
17 Paid Zakir & Co. R 30,000 by cheque.
3. Explain Methods of Depreciation in details.
4. Prepare final accounts from the following Trial Balance as on 31-03- 2020 of Pankaj  
Trial Balance of Pankaj as on 31-03-2020

| Name Of Account   | Debit (Rs.) | Credit (Rs.) |
|---|-------------|--------------|
| Drawings /Capital   | 24000       | 300000       |
| Purchase / Sales  | 296000      | 800000       |
| Goods Returns   | 80000       | 20000        |
| Provident Contribution to provident fund                      | 10000       | 100000       |
| Provident fund investment – Int. on provident fund investment | 100000      | 8000         |
| Debtors / Creditors   | 200000      | 150000       |
| Discount  | 46000       | 14000        |
| Bad Debts & Bad debts reserve                                 | 30000       | 45000        |
| Bills Receivables /Bills payable                              | 15000       | 25000        |
| Goods Stock (1-04-2019)                                       | 80000       |              |
| Damage  | 3000        |              |
| Octroi  | 1000        |              |
| Custom duty   | 18000       |              |
| Trade Expenses  | 90000       |              |
| Cash balance  | 16000       |              |
| Bank balance  | 25000       |              |
| Fixed Assets (cost price 500000)                              | 400000      |              |
| Advertisement Expenses  | 28000       |              |
|   | 1462000     | 1462000      |

Adjustments:

- (1) Stock as on 31-03-2020 is 2,00,000 out of which market value of 30% stock is 20 % more. Market value of 50 % stock is less by 10 %. Whereas remaining stock need to repairs expenses of 2000.

- (2) Good of 5000 given as advertisement.
  - (3) Credit sales of 10,000 wrongly recorded as credit purchase.
  - (4) Write off 20,000 as bad debts from debtors and provide 10 % Bad debt reserve.
  - (5) Calculate 10 % interest on Capital and 5 % interest on Drawings.
  - (6) Calculate depreciation at 10 % on fixed assets as per straight line method.
5. Explain the Difference between bill of exchange and promissory note.

### Section B

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

**(20)**

1. Explain the Types of Accounts.
2. From the following Particulars, prepare a Bank Reconciliation Statement showing the Balance as Per Cash Book on 31st March 2020:
  - (a) Balance as per Pass Book 8,000
  - (b) Cheques deposited but not credited by the Bank 1,000
  - (c) Cheques issued but not Presented for Payment 500
  - (d) Cheques deposited into Bank without recording in 600 Cash Book
  - (e) Cheques issued to creditors but not recorded in 700 Cash Book
  - (f) Dividend collected by Bank, not recorded in Cash Book 100
  - (g) Debtors directly deposited into Bank not recorded in Cash Book 2,000
  - (h) Debit side of the Cash Book was under casts by 1,000
  - (i) Bank charges debited in Pass Book, not recorded in cash Book 50
3. Prepare provision for bad and doubtful debts account and show it in financial statements of respective accounting years given below:
 

Year I Debtors at the end 25000  
 Year II Debtors at the end 15000  
 Bad debts written off 500  
 Bad debts not recorded 800  
 Year III Debtors at the end 10000  
 Bad debts written off 800

Maintain provision for bad and doubtful debts @ 10%
4. Make rectification entries to rectify the following errors detected while making the final accounts as on 31-3-2019
  1. Purchase of machinery Rs 10,000 is left to be recorded.
  2. Goods sold to Neelam of Rs 600 is recorded in purchase book by mistake.
  3. Rs 3800 paid to Rutu is mistakenly recorded in Prakash's account.
  4. Salary paid Rs 20000 is debited twice to salary account.
  5. Opening balance of cash account Rs 2000 is brought forward as Rs 200.
5. Explain the Difference between Hire Purchase and Instalment system.
6. Explain the Various Elements of Cost.

### Section C

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

**(10)**

1. The basic function of accounting is to maintain proper records of transactions that take place in.
 

|                       |               |
|-----------------------|---------------|
| A Chronological order | B Money order |
| C Value order         | D Order       |
2. The total of the \_\_\_\_\_ book indicates the total value of bills receivable drawn during the period.
 

|                    |                |
|--------------------|----------------|
| A bills receivable | B bill payable |
| C None of these    | D All          |

- 3 ----- provides for the test of arithmetical accuracy of various ledger accounts.  
A Journal B Ledger  
C Trial balance D None of these
- 4 Which of the following statements states the balance is favorable?  
A Cashbook shows debit balance of bank B Passbook shows credit balance  
C Both D None of these
- 5 Means the gradual decrease or loss in the value of asset due to its usage.  
A Depreciation B Asset  
C demolition D all of above
- 6 Closing stock is always a part of adjustment?  
A Yes B No  
C It's a wrong question D all of above
- 7 Bill of exchange is a/an \_\_\_\_\_ order to pay money.  
A Conditional B Unconditional  
C Both D None of the above
- 8 The ownership of goods in Hire purchase system is transferred right after the payment of \_\_\_\_ installment.  
A First B Second  
C Last D All of the above
- 9 Hire Purchase Price and Cash Price is the same concept when it comes to Hire purchase.  
A True B False  
C Depends on the situation D all of these
- 10 \_\_\_\_\_ is resources sacrificed or forgone to achieve a specific objective.  
A cost B price  
C money D None of these

**Part – B (Do as Directed)**

**(10)**

- 1 What is a Cash Book?  
2 Define Petty Cash Book.  
3 Define Trial Balance.  
4 What is Dishonour of cheque?  
5 Define Depreciation.  
6 What are Compensatory Errors.  
7 What is Negotiable  
8 Explain Revenue stamp.  
9 Explain Hire Purchase Price.  
10 Define Factory overheads.

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