

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

Course	: BBAR/DBAR	Date	: 26-July-23
Subject Code	: BBAR -102/ 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 principles of accounting and Accounting Postulates in details.
2. Pass necessary journal entries for the following transactions and in the books of P. Bhavsar.  
2020 Jan. 1 Started business with 2,00,000 in the Bank and 40,000 cash.  
1 Bought shop fittings 40,000 and a van 60,000 both paid by cheque.  
2 Paid rent by cheque 5,000.  
3 Bought goods for resale on credit from Zakir & co. 50,000.  
5 Cash sales 5,000.  
8 Paid wages of assistant in cash 1,000.  
10 Paid insurance by cheque 500.  
12 Cash sales 8,000.  
15 Goods returned to Zakir & co 6,000.  
17 Paid Zakir & Co. 30,000 by cheque.  
19 Bought goods for resale on credit from Rao & Co 25,000.  
19 Cash sales 7,000.  
22 Paid wages of assistant in cash 1,000.  
24 Bought stationery, paid in cash 500.  
25 Cash sales 15,000.  
27 Paid Rao & Co 14,000 by cheque.  
31 Paid 20,000 into the bank.
3. What are the different reasons for discrepancy between the balance as per the cash book and the Pass book? Explain in detail.
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	46000	14000
Discount	30000	45000
Bad Debts & Bad debts reserve	15000	25000
Bills Receivables – Bills payable	80000	-
Goods Stock (1-04-2019)	3000	-
Damage 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

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. Ajmer manufacturers ltd purchased on 1st April 2008, machinery costing Rs 47500 from ABC co ltd on Hire Purchase System. The terms were as under: Rs 20000 to be paid on 1st April 2008 Rs 10000 to be paid on 31st march 2009 Rs 10000 to be paid on 31st march 2010 Rs 10309 to be paid on 31st march 2011. You are required to make machinery account, interest account and ABC co ltd a/c. interest rate is 5% per annum on yearly basis. Depreciation at 20% on the original cost is to be written off each year. Give journal entries also in the books of both the parties.

### Section B

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

**(20)**

1. Explain the main functions of accounting.
2. From the following transactions write – up the sales day book of M/s X & Co.:  
Jan. 1 Sold to Premier Traders 100 bags of sugar @ R 650 per bag, less trade discount @5 %.  
Jan. 10 Sold to R & Co. 10 bags of milk powder @ R 500 per bag, less trade discount @ 10%.
3. Mr. Aadvik purchased machinery on 1st January 1991 for Rs.21, 000. The life of machinery was estimated to be 10 years. At the end of its life it would sold for Rs. 1,000 only. You are required to calculate the amount of annual depreciation according to Straight line method and prepare the machinery account for the first three years.
4. Explain the Difference between Hire Purchase and Instalment system.
5. 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 Ritu 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.
6. Explain the Difference between Trial Balance and Balance Sheet.

### Section C

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

**(10)**

- 1 The current accounting is based on the principles of double entry system which was given to us by.  
A Luco Pacioli and Franciscan Monk    B Kautilya  
C Chandragupta    D Edward Jones
- 2 Only such information should be made available to its users which are relevant and helpful for achieving its objectives.  
A Convention of Relevance    B Convention of Objectivity  
C Convention of Feasibility    D None of these
- 3 Include the accounts of persons with whom the business deals.  
A Personal account    B Real account  
C Nominal account    D None of above

- 4 In \_\_\_\_\_ narration is required and written in each and every entry.
- A Journal B Ledger  
C Both D None of these
- 5 In \_\_\_\_\_ book, all transaction related to credit sales are recorded.
- A Sales book B Cash book  
C Journal D Ledger
- 6 Means the gradual decrease or loss in the value of asset due to its usage.
- A Depreciation B Asset  
C demolition D none of the above
- 7 Sales return is to be mentioned at \_\_\_\_.
- A Subtracting it from sales B Posting on debit side of trading a/c  
C Both D none of the above
- 8 When trial balance does not tally, it is tallied temporarily with help of \_\_\_\_ account.
- A Trading a/c B Profit and loss a/c  
C Suspense a/c D Balance sheet
- 9 The ownership of goods in Hire purchase system is transferred right after the payment of \_\_\_\_ instalment.
- A First B Second  
C Last D none of the above
- 10 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 None Of These

**Part – B (Do as Directed)**

**(10)**

- 1 Give the name of different Types of Cash Book.
- 2 Explain Purchase Return Book.
- 3 Define Written down value method.
- 4 Define suspense account.
- 5 What is meant by Transactions?
- 6 Define Assets.
- 7 Explain Fictitious assets.
- 8 What is meant by Nominal Accounts?
- 9 Define Errors of commission.
- 10 Define Trial Balance.

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