Dr. Babasaheb Ambedkar Open University
Term End Examination July – 2018

Course	:	**BBA/BBAHT/BBAIB/DBA**	**Date**	:	**19-07-2018**
Subject Code	:	**BBA/BBAHT/BBAIB/DBA-OLD-102**	**Time**	:	**03:00pm to 06:00pm**
Subject Name	:	**Basics of Accounting**	**Duration**	:	**03 Hours**
			Max. Marks	:	**70**

Section A

Answer the following (Attempt any three) **(30)**

1. Explain the different type of errors which are disclosed and not disclosed by the Trial Balance .
2. Record the following transaction in a suitable cash book of Mr. Shrinivasan and show the closing balances of cash and Bank.
   Jan 1990 Rs.
   1 Cash in hand 50,000
   2 Opened a Bank Account 30,000
   2 Received from Mr. T. Bose 4,000
   3 Paid to Mr. N. Gopal by Cheque 500
   3 Purchase made in cash 1,000
   3 Paid rent 250
   3 Withdrawn from Bank 3,000
   4 Cash Sales 5,000
   4 Received a cheque from Sunil Ranjan 10,000
   4 Paid wages 200
   4 Purchased furniture and paid by cheque 4,000
   4 Cash Purchases 3,000
   5 Withdrawn from Bank for personal use 3,000
   5 Paid Electricity Bill 52
   5 Paid rates and taxes 100
   5 Purchase made in cash 7,000
   5 Cash Sales 12,000
   5 Sold to Sree Nagrajan 5,000
   5 Purchased from Mr. Nemai Bose 2,000
   7 Received a cheque from Sree Nagarjan and sent to Bank 3,000
   7 Paid railway fright 250
   7 Purchased stamps and Stationery 25
   7 Deposited in Bank Account 300
3. Explain any four principle of accounting according to GAAP
4. The following figure have been extracted from the records of fancy stores, a proprietorship concern as at 31st December 1990 Prepare Trading, Profit and Loss Account and the balance Sheet after taking into consideration the following further information:
   1. The closing stock as on 31st December, 1990 was Rs. 10,000;

2. A sale of Rs. 25,000 made for cash had been credited to the Purchases Account;
3. Salary of Rs. 2,000 paid to an employee had been entered in the cash book as Rs 1,000;
4. Charge depreciation on furniture at 10%;
5. Furniture had been sold during the year for Rs. 10,000 and the proceeds had been credited to furniture Account. The written down value of furniture sold was Rs. 5,000
6. A sum of Rs.10,000 received from a party who had purchased some stocks belonging to a separate business of the proprietor was credited to the Sundry debtors Account;
7. The proceeds of a manufactured fixed deposit amounting to Rs. 25,400 had been credited to the Fixed Deposits Account. The original amount of the deposit was Rs 20,000;
8. There was an outstanding liability for rent of Rs. 2,000;
9. An advance of Rs. 1,00 paid to an employee against his salary of January 1991 had been debited to the Salary Account.
10. The office premises were sublet from December 1990 for a monthly rental of Rs.1,000, but the rent for December has not yet been received.

5. Define journal? Discuss the advantage and limitation of journal.

Section B

Answer the following (Attempt any four) **(20)**

1. What is "Double-entry Book Keeping system"?
2. Write note on planning function and control function.
3. Record journal entries in the books of k. 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
4. Explain difference between ledger and journal.
5. From the following Particulars, Prepare a Bank Reconciliation Statement showing the Balance as Per Cash Book on 31st March 1994:
   (a) Balance as per Pass Bank 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 Cash Book 60
   (e) Cheques issued to creditors but not recorded in Cash Book 700
   (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 undercuts by 1,000
(i) Bank charges debited in Pass Book, not recorded in cash Book 50
(j) Bank met a Bill Payable for Rs. 1,000 on 30 / 3/ 1994 under advice to the firm on 2/4/1994 -
(k) A bill for Rs. 2,000 discounted for Rs. 1,900 returned dishonoured by Bank noting Charge being 10
(l) A Bill for Rs. 1,000 discounted with the Bank is entered in the Cash Book without recording the discount charges 100

6. State the reasons why a firm would want to change method of Depreciation.

Section C

Part – A (Multiple Choice Questions) (10)

1 Which of the following statements is incorrect?
A Assets - Capital = Liabilities B Assets - Liabilities = Capital
C Liability + Assets = Capital D Liabilities + Capital = Asset

2 Double entry book-keeping was fathered by:
A F.W.Taylor B Henry Fayol
C Lucas Pacioli D Martyn

3 Funds Flow Statement and sources and application statement are:'
A Synonymous B Antagonistic
C None of these D All of aboveS

4 Depreciation in spirit is similar to
A Depletion B Amortization
C Depression D None of the above

5 Balance Sheet is always prepared:
A For the year ended B As on the date
C None of the above D All of the above

6 Partners in Pakistan can today be fixed at the following numbers
A 20 B 50
C 75 D 100

7 Quick Ratio can be computed as under
A Quick . Assets/Quick Liabilities B Quick . Liabilities Current Assets
C Current Assets/ Current Liabilities D Current Liability/ Current Asset

8 In straight line method of depreciation, the written down value of a fixed asset will be at the end of the life of the asset as under:
A Rupee one B Rupee Zero
C Rupee hundred D None of above

9 Deferred taxation is
A Fixed Asset B Fixed Liability
C Part of Owners Equity D Assets

10 Cash budget excludes the following
A Non Cash Item B Cash Item
C Purchase on credit terms D None of above

Part – B (Do as Directed) **(10)**

1 Suspense Account
2 Trial Balance
3 Passbook
4 Bookkeeping
5 Turnover
6 Capital
7 Invoice
8 Petty Cash Voucher
9 Journal
10 Revenue Expenditure