

Dr. Babasaheb Ambedkar Open University
Term End Examination July-2026

Course	: BBAR/DBAR	Date	: 18-07-2026
Subject Code	: BBAR-102/DBAR-102	Time	: 11:30am to 01:45pm
Subject Name	: Basics of Accounting	Duration	: 02.15 Hours
		Max. Marks	: 70

Section A

Answer the following (Attempt any three)

(30)

1. Explain the External and internal Users of Accounting Information in details.
2. Record journal entries in the books of J. Smith & Co. from the following transaction:
Transactions during January, 2020
 - 1 Started business with a cash of 50,000 and building valued 5, 00,000 and stock of 50,000.
 - 6 Paid into bank 30,000.
 - 8 Cash Sales of 10,000.
 - 10 Purchased goods of 4,000.
 - 17 Goods sold to Ramakant of 2,800 and cash received of 2,750/-
 - 25 Paid telephone Bill of 300
 - 26 Paid wages to workers 5000
 - 28 Withdrawn from Bank for personal use 5000
 - 31 Purchased computer and paid by cheque 22,000
3. The bank column of the cash book showed an overdraft of Rs 5000 on 31- 03-2020, whereas as per bank statement the overdraft is Rs 4,200. The following differences were noticed between the two records:
 1. Cheques of Rs 2,400 issued but not encashed by customers
 2. Cheques deposited but not cleared Rs 1,200
 3. Collection charges debited by bank not recorded in CB Rs 100
 4. Bank interest charged by the bank not recorded in CB Rs 300
 5. Cheques dishonored debited by bank not in CB Rs 400
 6. Interest directly received by bank not entered in CB Rs 400You are required to Prepare bank reconciliation statement.
4. Explain the Errors which do not affect trial balance in details.
5. From the following Balance of a Trader as on 31.12.2020. prepare a trading and Profit and Loss Account for the year ended 31.12.2020 and a Balance Sheet as on that date.
Cash in hand 1,200
Capital 80,000
Purchases 1,20,000
4% Bank Loan 20,000
Opening Stock 35,000
Bills Payable 22,000
Sundry Debtors 50,000
Sundry Creditors 24,000
Plant & Machinery 60,000
Sales 2,00,000
Furniture 15,000
Bad debts Reserve 1,200
Bills Receivable 20,000
Rent and Taxes 10,000
Wages 16,000
Salaries 20,000

Additional Information supplied: i) Closing Stock Rs. 40,000; (ii) Provide outstanding liabilities: Rent and Taxes Rs. 2,000; Wages Rs. 3,000; Salaries Rs. 4,000; (iii) Depreciation: On Plant and Machinery @ 5%; On Furniture @ 10% (iv) Write-off Rs 500 bad debts; (v) Create bad debts reserve @ 2.5 on Sundry debtors.

Section B

Answer the following (Attempt any four)

(20)

1. Write a short note on Types of Accounts.
2. Enter the following transitions in cashbook:
2020 April
 - 1 Balance of Cash 4,000
 - 4 Cash Sales 3,000
 - 5 Received from Anand 1,400
 - 7 Paid for Cash Purchases 2,600
 - 9 Sold goods for Cash 1,400
 - 10 Deposited into Bank 1,000
 - 12 Sold goods for Cash 1,400
 - 15 Bought Stationary 1,000
 - 20 Withdraw from Bank for office 6,000
 - 24 Purchased goods 9,000
 - 25 Paid to Kishan 600
 - 30 Paid Salaries 1,600
 - 30 Cash Sales 1,800
 - 30 Paid Rent 300
3. Explain the Difference between Capital Expenditure and Revenue Expenditure.
4. Mr. Medhansh purchased, a merchant purchased plant and machinery costing Rs.25,000 1st January, 2018. It has been decided to depreciate it at the rate of 20 percent p.a. on the written down value method. Show the plant and machinery account in the first three years.
5. What is Promissory Note? explain the Characteristics, Parties and Specimen of Promissory Note.
6. Explain the Difference between Hire Purchase and Instalment system.

Section C

Part – A (Multiple Choice Questions)

(10)

- 1 “Accounting is the method in which identifying, measuring and communicating economic information is done to allow the users to judge and take decisions “ is given by

A AAA	B ABB
C APB	D ABP
- 2 book is maintained for the bills accepted by the drawee.

A Bills payable	B Bill receivable
C Both	D None of these
- 3 A Trial Balance may not be prepared based on the following methods.

A Total method	B Balance method
C Total–cum–balance or compound method	D difference method

