

**DIPLOMA IN BUSINESS PROCESS
OUTSOURCING - FINANCE AND
ACCOUNTING (DBPOFA)**

00982

Term-End Examination

December, 2012

BPOI-002 : FUNDAMENTALS OF ACCOUNTING

Time : 3 hours

Maximum Marks : 100

Note : There are 3 sections. All the sections are compulsory.

SECTION - A

1. (a) Fill in the blanks : 5x1=5
- (i) _____ and _____ incurred must belong to the same accounting period for the correct determination of profit or loss.
- (ii) IFRS means _____ .
- (iii) The book in which transaction is recorded for the first time from a source documents are called _____ .
- (iv) The difference in the two totals of debit side and credit side is called as _____ .
- (v) The companies Act 1956 provides for the order of _____ for showing assets and liabilities in the balance sheet.

- (b) State whether the following statements are true or false : 5x1=5
- (i) Goods remaining unsold at the end of accounting year is called as closing stock.
 - (ii) Depreciation on fixed assets is an example of revenue loss.
 - (iii) Posting is process of entering the transactions into 'Journal' accounts.
 - (iv) A promissory note is a bill payable for the payee.
 - (v) An account opened to tally the trial Balance temporarily is called as suspense A/C.

SECTION - B

(Answer any three questions)

2. Explain the steps to be followed in Journalising. 5+5
Explain why the Journal is called a book of original Entry.

3. What do you understand by double entry system? 5+5
Distinguish it from single entry system.

4. Write short note on the following : 2x5=10
 - (a) Accounting conventions
 - (b) IFRS
 - (c) US GAAP
 - (d) UK GAAP
 - (e) ASB

5. What is balance sheet? Explain various items on 5+5
the assets side of a balance sheet.

SECTION - C

Answer **any three** questions including question no six which is compulsory. **10+10**

6. (a) What are Accounting standards ? Name the Accounting standards specified by Institute of chartered Accountants of India.

(b) Enter the following transactions in the Journal

2011

Jan 6	Bought goods for cash	40,000
Jan 7	Sold goods for cash	2,000
Jan 8	Purchased goods	10,000
Jan 10	Sold goods to shyam	2,000

7. Journalise the transaction and post them into the ledger. **20**

2008		Rs.
March 1	Rames & Co commenced business	70,000
March 2	Deposited into bank	35000
March 3	Purchased goods for cash	3,000
March 6	Bought furniture for office	5,000
March 7	Drew from Bank	4,000
March 11	Goods sold to Aushul Brother	2,000
March 12	Paid trade expenses	4,000
March 24	Paid wages	1,500
March 25	Paid rent	500
March 26	Interest on capital	300

8. (a) Define the term 'Reserve' and distinguish it from a provision. 10+10
- (b) Distinguish between :
- (i) Revenue Reserve and Capital Reserves
- (ii) General Reserve and Specific Reserve
9. From the following balances of Ram prepare Profit and loss Account for the year ended March 31, 2010 : 20

Office Expenses	5,000
Advertising	3,000
Legal charges	5,000
Postage	6,400
Salary	60,000
Travelling Expense	2,500
Interest Received	600
Rent / Rates & Taxes	20,000
Insurance	2,500
Office Lighting	1,500
Stationery	1,200
Repairs	900
Miscellaneous Income	800
Commission paid	4,000
The Gross profit for year was Rs.	73,000

10. What are financial statements ? How are they useful ? Give the performa of Horizontal and vertical balance sheet. 20