

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

Term-End Examination 00252

December, 2015

BPOI-002 : FUNDAMENTALS OF ACCOUNTING

Time : 3 hours

Maximum Marks : 100

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

SECTION - A

1. (a) Fill in the blanks : 1x5=5
- (i) Profits prior to incorporation is regarded as _____.
 - (ii) Assets are always valued at market price or cost price whichever is _____.
 - (iii) The accounting entity is considered to be separate and apart from its _____.
 - (iv) Cash book always shows a _____ balance.
 - (v) Bank account is a _____ account.

- (b) State whether the following statements are true or false : **1x5=5**
- (i) A transactions must be expressed in terms of money.
 - (ii) Journal is a book of original entry.
 - (iii) Outstanding rent account is a personal account.
 - (iv) Cash discount is given on credit sales.
 - (v) A promissory note is a bill payable for the payee.

SECTION - B

(Answer **any three** questions)

- 2. Define Accounting. Discuss the objectives of Accounting. **10**

- 3. Discuss the classifications of Accounts and their Rules. Elaborate with suitable examples. **10**

- 4. Define a Bill of Exchange. How does it differ from a promissory note ? **10**

- 5. Distinguish between capital reserves and revenue reserves with suitable examples. **10**

SECTION - C

(Answer **any three** questions)

6. Record the following transactions in Journal of Ram and post them into Ledger : **20**

	₹
(a) Commenced business with cash	5,00,000
(b) Goods purchased from Mohan	50,000
(c) Goods returned to Mohan	20,000
(d) Interest paid to Shyam	10,000
(e) Commission received from Arun	5,000
(f) Sold goods to Vasudev	4,00,000
(g) Discount allowed to Vasudev	10,000
(h) Discount received from Mohan	8,000
(i) Furniture purchased on cash	70,000
(j) Cash paid to Mohan	6,000

7. (a) Discuss the various Accounting Concepts that guide the accountant at different stages of Accounting. 10
- (b) Write short note on the following : 10
- (i) Accounting Standards
- (ii) GAAP
8. (a) What is meant by deferred revenue expenditure ? Distinguish it with capital expenditure giving examples. 10+10
- (b) How would you classify various assets and liabilities ? Explain with suitable examples.
9. (a) Define the following : 10
- (i) Revenue Receipts
- (ii) Capital Receipts
- (iii) Deferred Revenue Expenditure
- (iv) Capital Expenditure
- (v) Revenue Expenditure
- (b) What do you mean by Financial Statements ? 10
Explain the objectives of preparing such statements.

10. Prepare Trading and Profit and Loss account for the year ended 31st Dec, 2012 and Balance Sheet as on that date from the following Trial Balance : 20

	Dr. (₹)	Cr. (₹)
Capital	-	10,000
Cash	1,500	-
Bank overdraft	-	2,000
Purchases and Sales	12,000	15,000
Returns	1,000	2,000
Establishment expenses	2,200	-
Taxes and Insurance	500	-
Bad debts and Prov. for bad debts	500	700
Debtors and Creditors	5,000	2,000
Commission	-	500
Deposits	4,000	-
Opening stock	3,000	-
Drawings	1,400	-
Furniture	600	-
B\R and B\P	3,000	2,500
Total	34,700	34,700

Adjustments :

- Salaries ₹ 100 and taxes ₹ 200 are outstanding but insurance ₹ 50 is prepaid.
- Commission ₹ 100 is received in advance for next year.
- Depreciate furniture by 10%.
- Bad debts provision is to be maintained at ₹ 1000.
- Interest ₹ 210 is to be received on deposits and interest on Bank overdraft ₹ 300 is to be paid.
- Stock on 31st December 2012 was ₹ 4500.