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

**Term-End Examination**

**December, 2016**

**BPOI-002 : FUNDAMENTALS OF ACCOUNTING**

*Time : 3 hours*

*Maximum Marks : 100*

- Note :** (i) *There are three sections.*  
(ii) *All the Sections are compulsory.*

**SECTION - A**

**(All Questions in this section are compulsory)**

1. (a) Fill in the blanks : **5x1=5**
- (i) An asset is recorded in books of account at\_\_\_\_\_.
  - (ii) \_\_\_\_\_ Accounting is more or less compulsory for every business.
  - (iii) Accounting Concepts and Conventions are also known as \_\_\_\_\_.
  - (iv) Cash book always shows a \_\_\_\_\_ balance.
  - (v) All items of revenue nature are shown in the \_\_\_\_\_.

- (b) State whether the following statements are true or false : 5x1=5
- (i) Excess of sales revenue over the cost of goods sold known as Gross Profit.
  - (ii) Income received in advance are shown in Balance Sheet as a current assets.
  - (iii) Debts which cannot be recovered are known as Bad debts.
  - (iv) Dividend equalization reserve is a form capital reserves.
  - (v) Paid up Capital can exceed called up capital.

### SECTION - B

(Answer Any three questions)

- 2. What do you understand by accounting concepts ? Explain briefly any two concepts. 5+5
- 3. What is meant by Accounting Standards ? Discuss the utility of Accounting Standard. 5+5
- 4. What is meant by double entry system ? How is it different from single entry system ? 5+5
- 5. Distinguish between : 5x2=10
  - (a) Outstanding Expenses and Prepaid Expenses
  - (b) Outstanding Income and Unearned Income

## SECTION - C

(Answer any three questions including question no. six which is compulsory)

6. Journalise the following transactions and prepare a trail balance : 20

		₹
April 3	Purchased goods for cash	20,000
April 7	Cash sales	70,000
April 10	Returned goods to Ram	5,000
April 11	Paid salaries	70,000
April 20	Purchased stationery	8,000

7. Write short notes on the following : 10+10

- (a) What is meant by Suspense Account ? Why is it opened and how is it closed ?
- (b) Briefly explain the errors which are not traced by trial balance.

8. (a) Find out the cost of goods sold and gross profit from the following figures : 10+10

	₹
Inventory in the beginning	60,000
Purchases Less Returns	6,00,000
Carriage Inwards	20,000
Carriage Outwards	30,000
Cartage and freight	10,000
Wages	50,000
Sales less Returns	1,20,000
Inventory at the end	40,000

- (b) What is meant by Financial Schedules ? State its importance.

9. (a) Enter the following transactions in cash book with Cash and Bank Columns : 10

	₹
2014 March 1 Bank Overdraft	12,000.00
Cash in hand	6,000.00
2014 March 5 Cheque issued to Radha Mohan and received discount from him	10,000.00 500.00
2014 March 7 Cheque received from Anil and allowed him discount	7,000.00 300.00
2014 March 11 Cheque received from Anil became dishonoured	-
2014 March 15 Cash withdrawal from bank for office use	5,000

- (b) Distinguish between Profit and Loss Account and Balance Sheet. 10

10. (a) Distinguish between : 10

(i) Revenue Reserves and Capital Reserves

(ii) General Reserve and Specific Reserve

- (b) What do you mean by Financial Statements ? Explain the meaning and objectives of financial statements. 10