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

**Term-End Examination**

**December, 2018**

**BPOI-002 : FUNDAMENTALS OF ACCOUNTING**

*Time : 3 hours*

*Maximum Marks : 100*

*Note : Section 'A' is compulsory. Attempt any 3 questions each from Section 'B' and 'C'. Q.No. 6 is compulsory.*

**SECTION - A**

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

1. (a) Fill in the blanks : 1x5=5
- (i) \_\_\_\_\_ Accounting is compulsory for every business.
  - (ii) \_\_\_\_\_ Accounting helps in ascertaining and controlling costs.
  - (iii) Assets = Capital+\_\_\_\_\_.
  - (iv) An asset is recorded in books of account at \_\_\_\_\_.
  - (v) \_\_\_\_\_ is meant for disclosures of accounting policies.
- (b) State whether the following statements are 'True' or 'False' : 1x5=5
- (i) Journal is a book of original entry.
  - (ii) The process of recording a transaction is called posting.

- (iii) Ledger account gives the folio of Journal.
- (iv) No narration is written while posting into ledger.
- (v) Cash Book always shows a credit balance.

### SECTION - B

(Answer any three)

2. Define 'Bill of Exchange'. How does it differ from a promissory note ? 3,7
3. What is meant by Suspense Account ? Discuss its advantages and limitations. 2,8
4. Explain How a Trial Balance is prepared ? 10
5. Write short notes on the following : 5,5
  - (a) Deferred Revenue Expenditure
  - (b) Capital Expenditure

### SECTION - C

(Answer any three questions including Question 6 which is compulsory)

6.
  - (a) How would you classify various assets and liabilities ? Explain with suitable examples.
  - (b) Explain the treatment of provision for bad - debts in the final accounts. 10+10
7.
  - (a) What do you mean by secret reserve ? How are they created ? Do you approve of such a practice ? Give your views. 10+10
  - (b) What is the purpose of making provisions ? How are they treated in accounts ? Explain.

8. Define 'company'. What are the documents which a company should submit along with application for registration of company ? Briefly explain. 20
9. Explain the items in respect of which the significant accounting policies have to be provided and give an example of any one such item. 20
10. There was a difference of Rs. 525 in the Trial Balance. It has been transferred to the credit side of suspense Account. Later on the following errors were discovered. Pass the rectifying entries and prepare Suspense Account. 20
- (a) An amount of Rs. 375/= has been posted on the debit side of commission account instead of Rs. 275/=.
  - (b) Goods of Rs. 200 purchased from Sohanlal has been posted to his account of Rs. 250.
  - (c) Total of Sales Return Book was overcast by Rs 475.
  - (d) Goods of Rs 300/= were sold to Mahesh, but it was recorded in Purchase Book.
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