

**DIPLOMA IN BUSINESS PROCESS
OUT SOURCING - F & A PROGRAMME**

**Term-End Examination 00279
June, 2012**

BPOI-002 : FUNDAMENTALS OF ACCOUNTING

Time : 3 hours

Maximum Marks : 100

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

SECTION-A

1. (a) Fill in the blanks : 5x1=5
- (i) _____ accounting is more or less compulsory for every business house.
 - (ii) Purchase returns are also called _____ .
 - (iii) An error committed by ignoring or misapplying the principles of accounting while recording a transaction in the books of accounts is called _____ .
 - (iv) If revenue expenditure is treated as capital expenditure, it will result in _____ of profits.
 - (v) Carriage outwards is an example of _____ expense.

- (b) State whether the following statements are True or False : 5x1=5
- (i) Expenditure is not the same thing as payment.
 - (ii) Income tax paid in case of a proprietary concern is charged to profit and loss Account.
 - (iii) General Reserve cannot be used for issue of bonus shares.
 - (iv) Paid up capital can exceed called-up capital.
 - (v) Retiring a bill is different from honouring the bill on the due date.

SECTION-B

Attempt *any three* questions from this section.

2. What do you understand by double entry system ? 10
Distinguish it from single entry system ?
3. Write short notes on : 5+5=10
(a) Business Income (b) Secret Reserve
4. What is meant by Provision for Bad debts ? Explain the treatment of Provision for Bad debts in the final Accounts with the help of an example ? 4+6=10
5. Pass Journal Entries to rectify the following errors : 5×2=10
- (a) Furniture purchased for Rs. 30,000 wrongly debited to purchases account as Rs. 9000.
 - (b) Purchase Return Book was over - cast by Rs. 2000/-
 - (c) Discount of Rs. 10,000 allowed by Mahesh, a creditor not entered in books of account.
 - (d) Goods sold to X and Y for Rs. 3,200 and Rs. 2,400 respectively, but were recorded in the sales book as Rs. 2,400 to X and as Rs. 3,200 to Y.
 - (e) Rs. 6,000 paid cash for purchase of typewriter was charged to office expense.

SECTION-C

Attempt *any three* questions from this section including Question No. 6 which is **compulsory**.

6. From the following Trial Balance of Ahuja and Co. 20 Ltd, Prepare Trading and profit and loss Account for the year ended 31st March, 2010.

Debit	(Rs)	Credit	(Rs)
Debtors	4,35,000	Share Capital	20,00,000
Stock 1.4.09	3,75,000	12% Debentures	15,00,000
Plant and Machinery	16,50,000	P and L A/C	1,31,250
Premises	15,36,000	Bills payable	1,85,000
Good will	1,25,000	Creditors	2,00,000
Cash and Bank	2,03,250	Sales	20,75,000
Interim Dividend paid	1,96,250	General Reserve	1,25,000
Calls in arrears	37,500	Provision for Bad debts on debtors	17,500
Purchases	9,25,000	on 1.4.09	
Preliminary Expenses	25,000		
Wages	4,89,900		
General Expenses	34,175		
Salaries	1,01,125		
Bad debts	10,550		
Interest on debentures paid	90,000		
	62,33,750		62,33,750

Additional Information

- (a) Charge depreciation on plant @ 15% p.a.
- (b) Write off Rs 2500 from the preliminary expenses.
- (c) Half year's Debenture interest is due
- (d) Create 5% provision on debtors for Bad Debts.
- (e) Provide provision for Income tax @ 50%
- (f) Stock as on 31.3.2010 was Rs 4,75,000/-
- (g) A claim of Rs 12,500 for workmen's compensation is being disputed by the company.

7. What are the uses and limitations of the Financial Statements ? **10+10=20**
8. By considering the particulars given in Question No (6) as above of Ahuja and Co. Ltd Prepare a profit and loss Appropriation Account for the year ended 31.3.2010 and a Balance Sheet as on that date. The Net profit for the year is Rs 90,000. **5+15=20**
9. (a) State the items to be included in the profit and loss Appropriation A/C of a Co. **6+14=20**
- (b) Give the proforma of Horizontal Balance sheet of a company as required under Companies Act, 1956 schedule VI.

10. Journalise the following transactions and post them into the Ledger Accounts.

2009	Particulars	Rs.
Aug 1.	Vinod started business with Cash	1,60,000
4	Deposited Cash in Bank	70,000
6	Purchased goods	6,000
7	Purchased furniture	10,000
9	Withdrew money from bank for office purpose	8,200
12	Goods sold to Ashish	5,000
15	Paid Cartage	1,000
18	Received Cash from Ashish	5,000
28	Paid rent	400
30	Interest allowed on capital	1,800