

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

Term-End Examination

June, 2014

BPOI-002 : FUNDAMENTALS OF ACCOUNTING

Time : 3 hours

Maximum Marks : 100

Note : All the three sections are compulsory.

SECTION - A

1. (a) Fill in the blanks : 5x1=5
- (i) Action + Money = _____
 - (ii) _____ serves the information needs of the insiders.
 - (iii) Single entry system is also known as _____.
 - (iv) Under cash basis of accounting revenue is recognised only when _____ is actually received.
 - (v) _____ is concerned with recording of business transactions only.
- (b) State whether the following statements are **true** or **false**. 5x1=5
- (i) AS-1 is meant for disclosure of accounting policies.
 - (ii) Accounting policies do not refer to specific accounting principles in the preparation of financial statements.

- (iii) Real accounts relate to assets only.
- (iv) Journal is a book of original entry.
- (v) Goodwill is a tangible asset.

SECTION - B

(Attempt any three questions)

2. Briefly discuss the advantages and limitations of Accounting. 5+5=10
3. Write a short note on the following : 5+5=10
- (a) Conservatism concept
 - (b) Dual aspect
4. Journalise the following : 5x2=10

		Rs.
(a)	Business started with cash	5,00,000
(b)	Rent paid	20,000
(c)	Furniture purchased	70,000
(d)	Commission received	15,000
(e)	Cash received from debtors	10,000

5. Rectify the following errors : 5x2=10
- (a) Rs. 8000 paid for rent wrongly debited to landlord A/c.
 - (b) Goods sold to Ram for Rs. 5000 on credit was recorded in sales books 6000.
 - (c) Purchase book has been undercast by Rs. 10,000.
 - (d) A credit sale to shyam Rs. 5000 omitted to be posted.
 - (e) Sales book was overcast by Rs. 6000.

SECTION - C

(Attempt any three questions)

10x2=20

6. Give the accounting treatment for the following if given outside the trial balance :
- (a) Closing stock
 - (b) Outstanding expenses
 - (c) Prepaid expenses
 - (d) Depreciation
 - (e) Bad debts
 - (f) Interest on capital
 - (g) Interest on drawings
 - (h) Income received in advance
 - (i) Outstanding income and
 - (j) Unearned income
7. State with reasons whether the following expenditure are of capital, revenue or deferred revenue nature. 10x2=20
- (a) Rs. 5,000 spent as carriage on goods purchased.
 - (b) Rs. 3,000 spent on repair of a machine.
 - (c) Rs. 20,000 spent on white washing.
 - (d) Rs. 25,000 spent on issue of equity shares.
 - (e) Rs. 1,00,000 spent on construction of railway siding.
 - (f) Rs. 10,000 paid for import duty.
 - (g) A second hand car was purchased for Rs. 2,00,000 and Rs. 20,000 was spent on overhauling and converting it into a delivery van.

- (h) Rs. 1,00,000 spent on advertising campaign.
 - (i) Rs. 20,000 was spent on air-conditioning the office.
 - (j) Rs 30,000 paid as Brokerage in connection with purchase of land.
8. Explain the following : 4x5=20
- (a) Secret Reserve
 - (b) Accounting Standards
 - (c) Imprest System
 - (d) Discounting a bill
9. What do you mean by financial schedules ?
Discuss the need of financial schedules. 10+10
10. Give the performa of Horizontal Balance sheet as 20
per Indian companies act, 1956.
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