

00533

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

Term-End Examination

June, 2017

BPOI-002 : FUNDAMENTALS OF ACCOUNTING

Time : 3 hours

Maximum Marks : 100

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

(All Questions are compulsory in this section)

- 1. (a) Fill in the blanks. 5x1=5**
- (i) Revenue reserve can be of two categories namely _____ and _____.
 - (ii) Companies in India are registered under _____.
 - (iii) Debenture is an acknowledgement of _____.
 - (iv) A compound entry is passed for transaction involving _____.
 - (v) Cash Book balance reflects _____ in hand.

- (b) State whether the following statements are true or false : 5x1=5
- (i) Trade discount is not recorded in the books of Accounts.
 - (ii) A promissory note is a bill payable for the payee.
 - (iii) Posting is done in the journal.
 - (iv) Book keeping and Accounting one synonymous.
 - (v) AS - 2 meant for revenue recognition.

SECTION - B

(Answer any three questions)

- 2. What is meant by Accounting Standards ? 5+5
Discuss the utility of Accounting Standard.

- 3. (a) Explain in brief the difference between trade discount and cash discount. 5+5
(b) What do you understand by Bad Debt ?
Briefly explain its accounting treatment.

- 4. How does Debit note differ from Credit Note ? 5+5
Discuss the utility of these notes.

- 5. How would you classify various assets and liabilities ? Explain with suitable examples. 5+5

SECTION - C

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

6. (a) Define the following : 10
- (i) Revenue Expenditure
 - (ii) Capital Expenditure
 - (iii) Deferred Revenue Expenditure
 - (iv) Revenue Receipts
 - (v) Capital Receipts
- (b) What is meant by provision for Bad Debts ? 10
Explain the treatment of provision for Bad Debt in the final accounts.
7. (a) What do you mean by secret reserves ? How 10
are they Created ? Do you approve of such a practice.
- (b) What is profit and loss account ? State the 10
special features of a company profit and loss account ?
8. Explain different types of errors which are usually 20
committed in the process of accounting. Explain them with examples.
9. Define Accounting. Briefly discuss the advantages 20
and limitations of Accounting.

10. From the following Trial Balance, prepare Trading and Profit and Loss Account for the year ended 31.12.2013 and a Balance Sheet as on that date. 20

	Dr.		Cr.
	Balances		Balances
Opening Stock	25,000	Sales	3,00,000
Purchases	75,000	Purchase Return	4,000
Sales Return	6,000	Discount	6,000
Carriage inwards	4,000	Bills Payable	1,000
Carriage outwards	400	Creditors	5,000
Wages	42,000	Capital	65,000
Salaries	27,500		
Machine	1,00,000		
Furniture	10,000		
Debtor	40,000		
Bills Receivable	2,500		
Cash in hand	6,000		
Travelling Expenses	4,000		
Lighting (Factory)	1,400		
Rent and Taxes	7,200		
General Expenses	10,500		
Insurance	1,500		
Drawings	18,000		
	3,81,000		3,81,000

Adjustments :

- (a) Stock on 31.12.2013 was valued at ₹ 24,000
- (b) Salaries outstanding for December 2013 amounted to ₹ 2,500
- (c) Prepaid Insurance amounted to ₹ 300
- (d) Provide depreciation on Machine @ 5% p.a. and on Furniture @ 20% p.a.
- (e) Wages outstanding for December 2013 amounted to ₹ 3,000