

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

Term-End Examination

June, 2019

BPOI-002 : FUNDAMENTALS OF ACCOUNTING

Time : 3 Hours

Maximum Marks : 100

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

Section—A

*Note : All questions are compulsory under this
Section.*

1. (a) Fill in the blanks : 1×5=5
- (i) A is a bill receivable to the drawee.
 - (ii) Purchase returns are also called
 - (iii) When a cheque received is endorsed, it is recorded in cash column on side of the Cash Book.

(iv) Cash Book balance reflects in hand.

(v) Posting is done in the

True or False :

(b) (i) Capital receipt is different from capital income. 1×5=5

(ii) Depreciation on Fixed Assets is an example of revenue loss.

(iii) Gross Profit is the difference between total sales and credit sales.

(iv) Carriage outwards is an example of direct expenses.

(v) Salaries and wages are charged to Manufacturing A/c,

Section—B

Note : Answer any three questions.

2. What is meant by schedule ? Explain its need.

10

3. Discuss the uses and limitations of financial statements. 5+5

4. Describe the steps in the preparation of company Profit and Loss A/c. 10

5. Distinguish between the following : 5+5

(i) Revenue Reserve and Capital Reserve

(ii) General Reserve and Specific Reserve

Section—C

Note : Answer any three questions inducing Question No. 6 which is compulsory.

6. From the following Trial Balance of Raghu Ram, prepare Trading and Profit & Loss Account for the year ended 31st Dec., 2016 and a Balance Sheet as on that date : 20

Dr. Balances	₹
Opening Stock	20,000
Purchases	80,000
Sales Returns	6,000
Carriage inwards	3,600
Carriage outwards	800
Wages	42,000
Salaries	27,500
Plant and Machinery	90,000
Furniture	8,000
Sundry Debtors	52,000
Bills Receivable	7,500
Cash in Hand	6,300
Travelling expenses	3,700
Lighting	1,400

Rent and Taxes	7,200
General Expenses	10,500
Insurance	1,500
Drawing	18,000
	3,81,000

Cr. Balances	₹
Sales	2,70,000
Purchases Return	4,000
Discount	5,200
Sundry Creditors	25,000
Bills payable	1,800
Capital	75,000
	3,81,000

Adjustment :

- (i) Stock on 31st Dec., 2016 was valued at ₹ 24,000 (Market value ₹ 30,000).
- (ii) Prepaid Insurance amounted to ₹ 300
- (iii) Salaries Outstanding for Dec., 2016 amounted ₹ 2,500.
- (iv) Wages Outstanding for Dec., 2016 amounted to ₹ 3,000.
- (v) Provide depreciation on plant and machinery at 5% and on furniture at 20%.

7. What do you mean by Rectification of errors ? Explain how one-sided errors and two-sided errors are rectified. Explain with examples. 20
8. Writes short notes on the following : 4×5=20
- (i) Journal proper
 - (ii) Promissory note
 - (iii) Conservatism concept
 - (iv) Single entry system of Accounting
9. Define Accounting Standards. What are the objectives of accounting standards ? Discuss the need and adoption of IFRS in India. 3+7+10
10. What is a Trial Balance ? How is it prepared ? Prepare a Trial Balance with the help of any *five* Business Transactions. 20