

00650

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

Term-End Examination

December, 2010

BPOI-002 : FUNDAMENTALS OF ACCOUNTING

Time : 3 hours

Maximum Marks : 100

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

SECTION - A

1. (a) Fill in the blanks : 5x1=5
- (i) Accounts relating to assets are known as _____ Accounts.
 - (ii) _____ discount is recorded in the books of the accounts.
 - (iii) _____ = Net sales - Gross Profit
 - (iv) Stock is valued at cost price or market price whichever is _____.
 - (v) Arithmetical accuracy of books of accounts can be ascertained by preparing _____.

(b) State whether the following statements are True or False : 5x1=5

- (i) Bank Account is a Nominal Account.
- (ii) Accounts relating to expenses and incomes are known as Real Accounts.
- (iii) Book-keeping and Accounting are synonymous
- (iv) $\text{Assets} = \text{capital} + \text{outside liabilities}$
- (v) AS-1 is meant for disclosures of accounting policies.

SECTION – B

Attempt any three questions :

2. Write short notes on the following : 5+5
(i) IFRS (ii) UK GAAP
3. What is Trial Balance ? Explain the errors not disclosed by the Trial Balance. 3+7
4. What do you mean by double entry system ? 3+7
Distinguish it from single entry system.
5. Record the following transactions in the Journal. 5x2=10
- (a) Received cheque from Ganesh and Sons
Rs.6000
 - (b) Proprietor took the goods worth Rs. 20,000
for domestic use
 - (c) Outstanding expenses Rs.12,000
 - (d) Accrued income Rs.10,000
 - (e) Received Rs.1100 from Sohan and Co. and
allowed him Rs.100 as cash discount

SECTION - C

Attempt *any three* questions including question No. 6 which is compulsory :

6. From the following Trial Balance, prepare Trading and profit and loss Account for the year ended 31.12.2009 and Balance sheet as on that. 20

Dr. Balances		Cr. Balances	
	Rs.		Rs.
Opening stock	20,000	Sales	2,70,000
Purchases	80,000	Purchase Return	4,000
Sales Return	6,000	Discount	5,200
Carriage inwards	3,600	Creditors	25,000
Carriage outwards	800	Bills payable	1,800
Wages	42,000	Capital	75,000
Salaries	27,500		
Machinery	90,000		
Furniture	8,000		
Debtors	52,000		
Bills receivable	2,500		
Cash in hand	6,300		
Travelling Expenses	3700		
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 :

1. Stock on 31.12.2009 was valued at Rs.24000
2. Wages outstanding for December 2009 amounted to Rs.3000

3. Salaries outstanding for December, 2009 amounted to Rs.2500
 4. Prepaid insurance amounted to Rs.300
 5. Provide Depreciation on machine at 5% and on furniture at 20%
7. Explain the different types of Reserves. What is their importance ? Differentiate between Provisions and Reserves. 20
8. (a) Define a company and state the documents which a company should submit along with the application for registration of company. 10
- (b) Enter the following transactions in a cash Book with Cash and Bank columns :- 10

2008		Rs.
Jan 1.	Bank overdraft	12000
	cash in hand	2300
7.	Cheque received from Ram	4000
	and allowed him discount	200
9.	Cheque received from Ram Deposited in Bank	4000
12.	Cheque paid to Radha	2500
	and received discount from her	50
15.	Ram's cheque became dishonoured	-
20.	Money withdrawn from Bank for office use	3400

9. (a) Define the following with examples. 10+10
- (i) Capital expenditure.
 - (ii) Deferred Revenue Expenditures.
- (b) Define financial schedules and state their importance.
10. (a) Explain the limitations of financial statements. 10+10
- (b) Write a short note on the following :
- (i) The Materiality Convention
 - (ii) The Matching Principle
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