

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

**Term-End Examination**

**December, 2011**

**00998**

**BPOI-002 : FUNDAMENTALS OF ACCOUNTING**

*Time : 3 hours*

*Maximum Marks : 100*

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

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**SECTION - A**

1. (a) Fill in the blanks : 5x1=5
- (i) A compound entry is passed if there are more transactions of same nature on \_\_\_\_\_
  - (ii) Loss on account of theft is \_\_\_\_\_ to profit and loss account.
  - (iii) Premium received on issue of shares is regarded as \_\_\_\_\_ profit.
  - (iv) Accounting concepts and conventions are also known as \_\_\_\_\_
  - (v) Cash book balance reflects \_\_\_\_\_ in hand.

- (b) State whether the following statements are *True* or *False*. 5x1=5
- (i) Book - keeping and Accounting are synonymous.
  - (ii) Depreciation on fixed assets is a capital expenditure.
  - (iii) Stock is valued at cost or market price whichever is lower.
  - (iv) Revenue Reserves can be utilised for distribution of dividends.
  - (v) Main objective of preparing "Journal" is to record the business transaction first of all.

## SECTION - B

Attempt *any three* questions :

2. What is Accounting ? Describe the main objectives of Accounting ? 4+6=10
3. Write short notes on the following with examples
- (a) Discounting a Bill of Exchange 5+5=10
- (b) Suspense A/C
4. Distinguish between : 5+5=10
- (a) Profit and Loss A/c and Balance Sheet
- (b) Capital Reserve and Revenue Reserve
5. Pass Journal Entries to rectify the following errors : 5x2=10
- (a) Rs. 4,000, the amount of sale of old machinery, has been credited to sales A/C.
- (b) Purchase Return Book was overcast by Rs. 1000/-
- (c) No entry has been made for Purchase Return of Rs. 300/-
- (d) Credit Sales to Arun Rs. 7000/- were recorded as Rs 700/-
- (e) Rs. 50/- paid as cartage for newly purchased furniture posted to Cartage A/C.

## SECTION - C

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

6. From the following Trial Balance of XYZ, prepare Trading and Profit and Loss Account for the year ended 31<sup>st</sup> March, 2010 and a Balance Sheet as on that date. 20

Name of Account	Debit Balance (Rs)	Credit Balance (Rs)
Capital		54,000
Drawings	8,520	
Furniture	11,400	
Stock on 1-4-2009	17,520	
Purchases and Sales	1,24,344	1,42,872
Returns	2,520	3,492
Salaries	5,280	
Rent	1,440	
Carriage	3,000	
Rates and Taxes	2,400	
Apprentice Premium		1,500
Bank overdraft		2,400
Bad debts	2,064	
Sundry Debtors	38,400	
Cash in hand	576	
Sundry Creditors		12,000
Provision for Bad debts		1,200
Bills Receivable	2,880	
Bills Payable		2,160
Discount		720
	22,0344	22,0344

Consider the following adjustments

- (a) Stock on 31-3-2010 was valued at Rs. 20,400/-
- (b) Provide for doubtful debts at 5% on Sundry Debtors and for Discount on Creditors at 2%
- (c) Rent due was Rs. 320/-
- (d) Taxes of Rs. 640/- were paid in advance
- (e) Depreciate Furniture at 10% p.a.
- (f) Apprentice premium of Rs. 240/- was to be carried forward
- (g) Calculate interest on capital at 5% p.a.

7. What do you mean by financial statements ?  
State the objectives of preparing such statements.

**8+12=20**

8. (a) State the items to be included in the Profit and Loss Appropriation Account of a company ? **6**
- (b) Give the proforma of Horizontal Balance sheet of a company as required under company's Account 1956, Schedule VI. **14**

9. Journalise the following transactions and post them into the Ledger : 20

		(Rs)
1-July	Tarun started business with cash	35,000
4-July	Deposited cash in Bank	17,500
6-July	Goods purchased for cash	1,500
6-July	Furniture bought for office use	2,500
8-July	Draw from bank for office use	2,050
10-July	Goods sold to Varun Brothers	1,250
15-July	Goods bought from Arun & Co.	750
16-July	Paid trade Expenses	250
19-July	Received cash from Varun Brothers	750
22-July	Paid wages	50
25-July	Paid Arun & Co. in full settlement	750
30-July	Paid rent	100
31-July	Interest on Capital	150

10. What do you understand by special purpose subsidiary books ? Give specimen of the Purchases Books, Purchase Return Book, Sales Book and Bill Payable Book with three entries in cash book. 4x5=20
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