

00611

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

**Term-End Examination**

**December, 2013**

**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) \_\_\_\_\_ Accounting is compulsory for every business.
  - (ii) \_\_\_\_\_ helps in ascertaining and controlling costs.
  - (iii) Where \_\_\_\_\_ ends, accounting starts.
  - (iv)  $Assets = capital + \underline{\hspace{2cm}}$ .
  - (v) An asset is recorded in books of account at \_\_\_\_\_.
- (b) State whether the following statements are **true** or **false** : **5x1=5**
- (i) Accounting concepts and conventions are also known as GAAP.
  - (ii) The accounting standard board was constituted on 21st April 1978.
  - (iii) AS-3 is meant for depreciation accounting.
  - (iv) There are five columns in a journal.
  - (v) Process of recording a transaction is called journal.

**SECTION - B**  
**(Attempt any three questions)**

2. What is trial balance ? Explain how is it prepared ? 10
3. What is Journal Proper ? List the transactions recorded in the journal proper. 10
4. Define accounting. Explain the objectives of accounting in detail. 4+6=10
5. Pass journal entries to rectify the following errors : 5x2=10
- (a) No entry has been made for purchases return of Rs. 200.
  - (b) Sales of Rs.6000 to Anil were recorded as Rs.600 in the sales book.
  - (c) Rs.800 paid for the newly purchased 'Fan' posted to 'purchases account.'
  - (d) Rs.10,000 received from 'A' has been credited to 'Y' account.
  - (e) Rs.5000 of sale of old machine has been credited to sales account.

**SECTION-C**  
**(Attempt any three questions)**

6. Distinguish between : 5x4=20
- (a) Capital Reserve & Revenue Reserve.
  - (b) Provision & Reserve.
  - (c) Trading Account and Manufacturing Account.
  - (d) Outstanding Expenses and Prepaid Expenses.
  - (e) Interest on capital & Interest on drawing.

7. (a) Explain the different types of errors which are usually committed in the process of accounting ? Explain them with examples.  
 (b) How are errors rectified ? 15+5=20

8. Identify the items in respect of which the significant accounting policies have to be provided and give an example of any one of such item. 20

9. Net profit of an organisation is Rs.57,200 for the year ended 31-12-2011. Other informations are as follows : 20

Dr. Balances	Rs.	Cr. Balances
Cash at Bank	4800	Creditors
Cash in hand	1200	Loan
Furniture	7500	Capital
Debtors	80100	
Closing Stock	70000	
Building	190000	
Machinery	120000	
Investments	24400	
Drawing	6000	

Prepare his balance sheet as on 31-12-2011.

10. What is Profit and Loss Account and Balance Sheet ? State the special features of a company Profit and Loss Account and Balance Sheet. 20

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