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BPOI-002

**DIPLOMA IN BPO FINANCE AND
ACCOUNTING PROGRAMME
(DBPOFA)**

Term-End Examination

December, 2020

BPOI-002 : FUNDAMENTALS OF ACCOUNTING

Time : 3 Hours

Maximum Marks : 100

Note : (i) *There are **three** Sections.*

(ii) *All Sections are compulsory.*

Section—A

1. (a) Fill in the blanks : 1 each
- (i) All the liquid assets are a part of
..... .
- (ii) Preliminary expenses are the example
of assets.
- (iii) Salary paid to Mr. Mahesh should be
credited to account.
- (iv) Single entry system is also known as
..... .

- (v) Premium received on issue of shares is regarded as profit.
- (b) State whether the following statements are True or False : 1 each
- (i) Single Entry System does not follow Generally Accepted Accounting Principles.
- (ii) The financial statements are prepared on mercantile system of accounting.
- (iii) Depreciation on fixed assets is an example of revenue loss.
- (iv) The gross profit is the difference between net sales and cost of goods sold.
- (v) Book-keeping and accounting are synonymous.

Section—B

Note : Attempt any *three* questions.

2. Outline the need for accounting and briefly describe the objectives of accounting. 5+5
3. Describe the various classes of accounts and state their respective rules of debit and credit with suitable examples. 5+5

4. Distinguish between any *two* of the following : 5+5=10

- (i) Interest on capital and interest on drawing
- (ii) Trading Account and Manufacturing Account
- (iii) Provisions and Reserves

5. Pass the journal entries to rectify the following errors : 5×2=10

- (i) ₹ 1,000 paid for newly purchased 'table' posted to purchase account.
- (ii) ₹ 2,000 on sale of old machine has been credited to sales account.
- (iii) ₹ 25,000 received from 'X' has been credited to 'B' account.
- (iv) No entry has been made for purchase return of ₹ 500.
- (v) A sale of ₹ 8,000 to Amit were recorded as ₹ 800 in the sales book.

Section—C

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

6. From the following Trial Balance of XYZ Co. Ltd., prepare Profit and Loss Account and Balance Sheet for the year ended on 2017 Dec., : 20

Debit	₹
Debtors	4,35,000
Stock (1-1-2017)	3,75,000
Plant	16,50,000
Premises	15,36,000
Goodwill	1,25,000
Cash in Hand	2,03,250
Interim Dividend paid	1,96,250
Call in arrear	37,500
Purchases	9,25,000
Preliminary Expenses	25,000
Wages	4,89,900
General Expenses	34,175
Salaries	1,01,125
Bad debts	10,550
Interest on debentures paid	90,000
Total	62,33,750

Credit	₹
Share Capital	20,00,000
12% Debentures	15,00,000
Profit & Loss A/c	1,31,250
Bills Payable	1,85,000
Creditors	2,00,000
General Reserve	1,25,000
Sales	20,75,000
provision for Bad debts on Debtors on 1-1-2017	17,500
Total	62,33,750

Additional Information :

- (i) Depreciation on plant at 15%.
- (ii) Write off ₹ 2,500 from preliminary expenses.
- (iii) Credit a 5% provision on debtors for doubtful debts.
- (iv) Provide provision for income tax @ 50%.
- (v) Stock as on 31-12-2017 was ₹ 4,75,000.
- (vi) Half years debenture interest due.

- (vii) A claim of ₹ 12,500 for workmen's compensation is being disputed by the company.
7. What do you understand by special purpose subsidiary books ? Give specimen of the Purchases Book, Sales Book, Purchases Return Book and Bills Payable Book with four entries in each of the books. $4 \times 5 = 20$
8. What are the uses and limitations of the Financial Statements ? Explain. $10 + 10$
9. (a) What is meant by Share Capital ? Explain various categories of share capital. 10
- (b) What is Debenture ? Distinguish between share and debenture. 10
10. Give the pro forma of Horizontal Balance Sheet as per the Indian Companies Act, 1956. 20