

00572

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

Term-End Examination

June, 2016

BPOI-002 : FUNDAMENTALS OF ACCOUNTING

Time : 3 hours

Maximum Marks : 100

Note : There are three sections. All are compulsory.

SECTION - A

1. (a) Fill in the blanks : 1x5=5
- (i) Capital + Liabilities = _____.
 - (ii) Accounting concepts and conventions are known as _____.
 - (iii) Left hand side of a T-account is known as _____.
 - (iv) _____ is a book of original entry.
 - (v) Transferring of transactions from Journal to ledger is called _____.

- (b) State whether the following statements are True or False : 1x5=5
- (i) Excess of cost of goods sold over sales revenue is called gross loss.
 - (ii) AS-2 is meant for revenue Recognition.
 - (iii) Money due from a person not recoverable is called bad-debts.
 - (iv) Accounting is only an art and not a science.
 - (v) Trade discount is recorded in the Journal proper.

SECTION - B

Attempt any three questions :

2. What is meant by accounting ? Discuss the advantages and limitations of accounting. 10
3. What do you mean by accounting standards ? Explain the merits of issuing accounting standards. 10
4. Journalise the following transactions and post them in to ledger. 10

2012	₹
June 3 Purchased goods for cash	2,00,000
June 4 Purchased goods on credit from Anil & Co.	35,000
June 8 Sold goods to Shyam & Company	1,70,000
June 12 Return goods to Anil & Co.	30,000
June 18 Rent paid to Mohan & Co.	36,000

5. How does Debit Note differ from Credit Note ? 10
Discuss the utility of these notes.

SECTION - C

Attempt any three questions :

6. (a) Explain the subsidiary books and their advantages. 10
(b) Describe the following : 10
(i) Cash book
(ii) Petty cash book
(iii) Sales Journal
(iv) Bills of Exchange
(v) Sales Return Journal
7. (a) What do you mean by secret reserves ? How are they created ? Do you approve of such a practice ? Give your views. 10+10
(b) Explain various items on the assets side of a balance sheet.
8. (a) What is meant by financial statements ? Describe the objectives of preparing such statements. 10+10
(b) Define the term 'Share Capital'. Distinguish between Share and a Debenture.
9. (a) What is profit and loss account ? State the special features of a company profit and loss account. 10
(b) Define the distinction between Provisions and Reserves. 10

10. From the following trial balance of M/S Ram & Sons, prepare Trading and Profit and Loss account for the year ended 31st December 2012 and a balance sheet on that date. 20

	Dr. (₹)	Cr. (₹)
Debtors and creditors	32,000	10,650
Opening stock	22,000	-
Cash in hand	1,580	-
Plant and Machine	17,500	-
Commission	-	5,200
Trade expenses	1,075	-
Purchases and Sales	1,20,000	1,40,000
Sales return and purchase return	5,500	1,130
Capital	-	79,500
Discount	1,100	-
Building	34,500	-
Bills payable	-	7,500
Insurance premium	4,000	-
Rent	2,100	-
Carriage outwards	400	-
Salaries	2,225	-
	2,43,980	2,43,980

Adjustments :

- (a) Stock on 31st December 2012 was ₹ 12,450.
- (b) Outstanding rent is ₹ 85 and outstanding trade expenses are ₹ 150.
- (c) ₹ 400 are to be written off as Bad-debts and 5% is to be provided for doubtful debts.
- (d) Provide 2% discount on debtors.
- (e) Depreciate plant and machine by 10% and building by 2%.