

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

Term-End Examination

June, 2022

**BPOI-002/BPOI-102 : FUNDAMENTALS OF
ACCOUNTING**

Time : 3 hours

Maximum Marks : 100

Note : *There are **three** sections. All sections are **compulsory**. Please read instructions carefully given in each section.*

SECTION A

1. (a) Fill in the blanks : *5×1=5*
- (i) Under _____ revenue is recognised when earned and not merely when cash is received. *1*
- (ii) Under _____ information given to users must be complete, fair and adequate. *1*
- (iii) According to _____, revenue and expenses incurred must belong to the same Accounting period. *1*

- (iv) The main function of _____ is to formulate Accounting Standards for adoption by the business. 1
- (v) _____ is a Statement of Assets and Liabilities as at the end of an Accounting period. 1
- (b) State whether the following statements are *True* or *False* : $5 \times 1 = 5$
- (i) In journal, transactions are recorded in chronological order. 1
- (ii) Real Accounts relate to Assets. 1
- (iii) Bank Account is a Personal Account. 1
- (iv) Ledger is a book which contains all accounts affected by various transactions in a business. 1
- (v) Bills Receivable Journal is used for recording Bills of Exchange and Promissory Notes accepted by business in favour of creditors. 1

SECTION B

Attempt any **three** questions.

2. What is Journal Proper ? List the transactions that are recorded in the Journal Proper. 10
3. Write short notes on the following : 5+5
 - (a) Deferred Revenue Expenditure
 - (b) Capital Expenditure
4. Distinguish between the following : 5+5
 - (a) Trading Account and Manufacturing Account
 - (b) Profit and Loss Account and Balance Sheet
5. What are the different methods of arranging Assets and Liabilities in the Balance Sheet ? Explain with suitable examples. 10

SECTION C

Question no. 6 is compulsory. Attempt any two questions from the remaining questions.

6. An accountant could not tally the 'Trial Balance'. He placed the difference of ₹ 2,380 to the credit side of Suspense Account and prepared the Final Accounts. The following errors were discovered in the next year.

- (i) The Sales Book was undercast by ₹ 500.
- (ii) Expenses of ₹ 950 were entered in Cash Book, but were omitted to be posted in the Ledger.
- (iii) Commission of ₹ 250 paid was posted twice to Commission Account.
- (iv) Discount column of the receipt side of the Cash Book was wrongly recorded as ₹ 1,400 instead of ₹ 1,200.
- (v) A sale of ₹ 1,390 to Ramesh, though correctly entered in the Sales Book, was wrongly posted to his Personal Account as ₹ 1,930.
- (vi) A purchase from Nahar worth ₹ 920, though correctly entered in Purchase Book, was wrongly debited to his Personal Account.

Pass necessary rectifying entries, prepare Suspense Account and state the effect of rectifying entries on the profits.

20

7. Define a Financial Schedule. What are the needs of preparing a financial schedule ? State the items in respect of which the significant accounting policies are to be provided. 20
8. What do you understand by Double Entry System ? Distinguish it from Single Entry System. 20
9. What do you mean by Secret Reserve ? How are they created ? Do you approve such a practice ? Give your views. 20
10. What is meant by Provision for Bad Debts and Provision for Discount on Debtors and Creditors ? Explain their treatment in the Final Accounts. 10+10
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