

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

**Term-End Examination**

**June, 2015**

**00061**

**BPOI-002 : FUNDAMENTALS OF ACCOUNTING**

*Time : 3 hours*

*Maximum Marks : 100*

---

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

---

**SECTION - A**

1. (a) Fill in the blanks : 1x5=5
- (i) The process of recording a transaction is called \_\_\_\_\_ .
  - (ii) Certificate of incorporation is issued by \_\_\_\_\_ .
  - (iii) Premium of issue of shares is regarded as \_\_\_\_\_ profit.
  - (iv) Companies in India are registered under \_\_\_\_\_ .
  - (v) Assets in the form of Goodwill which cannot be seen or touched is called \_\_\_\_\_ assets.

- (b) State whether the following statements are **True or False** : **1x5=5**
- (i) Trade discount is not recorded in the books of account.
  - (ii) Assets always shows debit balance.
  - (iii) The Bills Receivable are discounted on the date of maturity.
  - (iv) All provisions are always shown on the liability side of Balance sheet.
  - (v) Journal is a book of original entry.

### SECTION - B

Attempt **any three** questions :

2. Explain the following terms : **5x2=10**
- (a) Forfeiture of shares
  - (b) Calls in arrears
3. Pass Journal entries for the following transactions : **2x5=10**
- (a) Bought almirah for ₹ 4,500 and paid for cartage ₹ 300.
  - (b) Proprietor took away goods worth ₹ 600.
  - (c) Received ₹ 1,100 from K and Sons and allowed him ₹ 100 cash discount.

- (d) Hari Singh a debtor, become insolvent. He owns ₹ 5,000. A final compensation of 50 paise in a rupee was received.
- (e) Bought machinery for ₹ 1,00,000 by issuing equity shares capital of 1,000 @ ₹ 10 each.
4. (a) Explain difference between cash discount and trade discount. 4
- (b) Rectify the following errors assuming that a suspense account was opened ascertaining the difference in trial balance. 6
- (i) Credit sales to Mohan ₹ 7,000 were posted to Karan as ₹ 5,000.
- (ii) Goods returned from Mahesh ₹ 1,000 were posted to the debit of Manish as ₹ 2,000.
- (iii) Cash sales ₹ 2,000 were posted to commission account ₹ 200.
5. (a) Explain secured loan Vs unsecured loan. 4
- (b) Explain Capital Reserves and Secret Reserves. 6

9. Define bills of exchange. Give short notes and Accounting entries for Bills Receivable, Bills payable, Bills discounting and Bills dishonoured. 20

10. Journalise the below transactions in Smt. Rani's Journal and post them to ledger and Balance them. 20

**2010**

- April, 1 Rani started business with ₹ 3,00,000
- April, 5 Opened a current account with Indian Overseas Bank ₹ 50,000.
- April, 12 Bought goods from Smt. Sumathi ₹ 90,000
- April, 18 paid to Smt. Sumathi ₹ 90,000.
- April, 18 Bought furniture for ₹ 50,000 and transportation charges paid ₹ 2,000 by cheque
- April, 19 Cost of Machinery ₹ 1,00,000, paid cash ₹ 20,000 and balance through loan from her Bank.
- April, 20 Sold goods to Smt. Chitra ₹ 1,26,000
- April, 28 Smt. Chitra settled her account
- April, 29 Smt. Chitra is bankrupt and settled 75 paise per rupee.
- April, 30 Pass book shows the debit entry towards loan processing charged ₹ 800.

### SECTION - C

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

6. The following balances appeared in the books of ABC Co Ltd. as on 31<sup>st</sup> March 2011. 20

	Dr	Cr
Paid up capital (6,000 equ shares of ₹ 10 each)		6,00,000
General Reserve		2,50,000
Unclaimed dividend		6,526
Trade creditors		38,858
Building at cost	1,50,000	
Purchases	5,00,903	
Sales		10,83,947
Manufacturing exp.	3,59,000	
Establishment charges	26,814	
General charges	31,078	
Machinery at cost	2,00,000	
Motor Vehicle at cost	30,000	
Furniture at cost	5,000	
Opening stock	1,72,058	
Book debts	2,23,380	
Investments	2,88,950	
Depreciation Reserve		71,000
Provision for Income tax		6,544
Cash balance	50,000	
Directors fee	72,240	
Investment Interest	1,800	
Profit and loss a/c		16,848
Staff provident fund		37,500
	21,11,223	21,11,223

From the following information prepare the Company's Balance Sheet as on 31<sup>st</sup> March 2011, and its profit and loss for the year ended on that date. Adjustments and additional information.

- (a) The stock on March 31, 2011 was ₹ 1,46,680.
- (b) Provide ₹ 10,000 for depreciation on fixed Assets, ₹ 6,500 for Managing directors commission and ₹ 1,500 for the company's contribution to the staff providend fund.
- (c) Interest accrued on investment amounted to ₹ 2,750.
- (d) A provision of ₹ 60,000 for taxes in respect of the profit for 2011 is considered necessary.
- (e) The directors propose a final dividend at 4% after transferring ₹ 50,000 to General Reserve.
- (f) A claim of ₹ 2,500 for workmen's compensation is being disputed by the company.
- (g) The Market value of investment as on 31.03.2011 amounted to ₹ 3,02,500.

7. Write notes on the following : 10x2=20
- (a) Accounting standards
  - (b) IFRS
8. (a) What is meant by provision ? What is the purpose of making provisions and how are they treated in Accounts ? 20
- (b) What is provision for doubtful debts and bad debts ? How do you treat them in financial statements ?